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# NEWS SUMMARY

## GENERAL

# U.S. envoy killed in Beirut

Mr. Francis Meloy, recently appointed U.S. Ambassador to the Lebanon, has been murdered in Beirut. His body, with those of Mr. Robert Waring, the U.S. economic attache, and their Lebanese driver, has been recovered from a sand dune in a residential area which overlooks the Beirut sea coast.

The murder of the ambassador and his aides by as yet unknown assailants could hamper the Lebanese peace attempts, which had begun to hold out more hope during the past two days.

In Washington, President Ford denounced the assassinations as "an act of senseless, outrageous brutality." Back page

### French-U.K. accord hopes

The Prime Minister has indicated he would like to see more regular high-level contacts between Britain and France, but he is not keen to institutionalise them.

Closer political consultation between the two countries is expected to be on the agenda of the talks between Mr. Callaghan and M. Giscard d'Estaing during the President's State visit to Britain, which starts on Tuesday. Page 7

### Private Eye to pay Wigg £5,000

Private Eye is to pay Lord Wigg, former chairman of the Horse Race Betting Levy Board, £5,000 in settlement of a High Court libel action. The satirical magazine carried an article by Fleet Street journalist Nigel Dempster suggesting that Lord Wigg's intervention in the stable lads' dispute which threatened the 1975 Derby was solely to oblige a bookmaker. Mr. Justice Melford Stevenson said Dempster's conduct "fell wholly below the standards expected of a journalist."

### No going back

The Government has no intention of going back on commitments made by previous governments to U.K. passport holders, Mr. Roy Jenkins, Home Secretary, said last night. He was replying to Tory MPs' demands for tougher immigration curbs after Government statistics revealed that the Commonwealth intake rose sharply last year. Page 10

### Tories rap EEC

The first vote of censure against the European Commission in the Strasbourg Parliament's history was defeated by 109 to 18. It was moved by the Conservatives, in protest at the EEC's failure to remedy its perpetual dairy surplus problems. Mrs. Winifred Ewing, of the Scottish National Party, alone supported them. Page 7

### Dearer petrol

Petrol is expected to go up about 2p a gallon within a month. Four-star petrol could cost 80p in many areas. Page 10

### Briefly . . .

Thirteen schoolchildren and a teacher are being kept in hospital isolation units after an outbreak of food poisoning at New Ash Green primary school, near Dartford, Kent.

*Archbishop of Canterbury* called for the appointment of a Minister for the Family to ensure Government policies did not weaken family life.

The Commons rejected by 15 votes a private member's Bill to abolish the House of Loards. Page 11

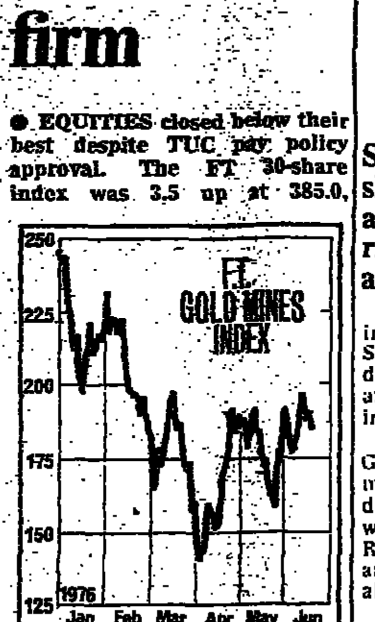
Mr. John Poulson, the architect who has served 27 months of a seven-year jail sentence for corruption at Wakefield Prison, Yorks., has had an application for parole rejected.

Steel safety fence has been built on top of the Arc de Triomphe in Paris to prevent suicide attempts.

## BUSINESS

# Equities up 3.5; gilts firm

● EQUITIES closed below their best despite TUC pay policy approval. The FT 30-share index was 3.5 up at 385.0,




while the FT-Actuaries All-Share index gained 1 per cent. to 159.52. The FT Gold Mines index lost 6.1 to 184.9.

● STERLING fell 15 points to $1.7755; its weighted depreciation was unchanged at 39 per cent. The dollar's widened to 1.56 (1.51) per cent.

● GILTS closed with gains ranging to ¼, though the trend in "after-hours" dealings was to lower levels. The Government Securities index was 0.17 up at 62.59.

● GOLD fell $¾ to $125¼.

● WALL STREET closed 2.70 up at 988.62.

● JAPAN'S provisional trade surplus in May was $1,285bn. on a seasonally adjusted basis. Exports were up 5.4 per cent. on the previous month while imports were 3.8 per cent. down. Page 5

### Govan doubles loss to £9.5m.

● GOVAN SHIPBUILDERS' loss nearly doubled to £9.5m. last year. The State-owned group is likely to seek more Government aid within a year. Back Page

● BRITISH LEYLAND regained its position as the largest U.K. exporter in 1975, with ICI only £3m. behind in second place. Both companies' exports are likely to exceed £800m. in 1976. 100 largest exporters, Page 4

● ROLLS-ROYCE Motors has bought a 16.72 per cent. holding in L. Gardner and Sons and wants to discuss the possibility of a full take-over. Back Page and Feature, Page 20

● NATIONAL Westminster Bank plans to issue a $50m. London-quoted Eurobond to support its growing international operations.

● BSC STRATEGY of concentrating production on large integrated works was challenged yesterday by the independent steel producers. Back Page

● MAN-MADE FIBRE producers are backing demands from the rest of the textile industry for a tougher line on import restraints. Page 10

● URANIUM producers are confident supplies are sufficient to meet nuclear expansion plans. Page 8. Wavepower could make a valuable contribution to Britain's energy needs, says the CEGB, though it would require an immense effort. Page 10

### COMPANIES

● LAND SECURITIES Investment Trust has deducted £7.7m. from its profit for the year to March 31, 1976, to cover costlier repayment of a dollar loan due to sterling's fall. Net taxed income rose to £9.5m. (£9.43m.). Back Page, Page 24 and Lex

● ARTHUR GUINNESS pre-tax profit for the first 24 weeks rose to £14.8m. (£11m.). Chairman expects a profit of more than £30m. for the full year. Page 23 and Lex

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

| | | |
|---|---|---|
| Treasury 9pc 1980 | £92¾ | + ⅛ |
| Treasury 13¼% 1997 | 92¼ | + 1 |
| Alpine Soft Drinks | 140 | + 5 |
| Argyle Secs. | 43 | + 4 |
| Assoc. P. Cement | 258 | + 5 |
| British Printing | 36½ | + 2½ |
| Chubb | 114 | + 8 |
| De La Rue | 230 | + 8 |
| Fox's Biscuits | 177 | + 7 |
| Gardner (L.) | 125 | + 6 |
| Guinness (A.) | 135 | + 5 |
| Hawker Siddeley | 460 | + 8 |
| Intereuropean | 67½ | + 4 |
| Kent (M. P.) | 35 | + 5 |
| Lankro | 142 | + 5 |
| Low (W.) | 78 | + 4 |
| Matthews Wrightson | 198 | + 8 |
| Prop. & Rev. 'A' | 175 | + 7 |
| Royal Ins. | 286 | + 6 |
| Sale Tilney | 212 | + 27 |
| Sun Alliance | 388 | + 10 |
| WGI | 86 | + 17 |
| Weyburn Eng. | 314 | + 11 |
| BP | 620 | + 8 |
| Tricentrol | 55 | + 4 |
| Peacock Sasini | 54 | + 7 |
| Minorco | 240 | + 20 |
| Ocean Resources | 42 | + 4 |
| Pancontinental | £23¼ | + 1¾ |

FALLS

| | | |
|---|---|---|
| Barlow Rand | 193 | − 10 |
| Ferrleman (B.) | 40 | − 9 |
| Highgate & Job | 51 | − 4 |
| Hngkng & Shanghai | 310 | − 10 |
| Ozalid | 104 | − 5 |
| Anglo American | 300 | − 18 |
| Anglo Amer. Coal | 490 | − 45 |
| Buffelsfontein | 950 | − 100 |
| De Beers Defd. | 230 | − 12 |
| Kloof Gold | 530 | − 40 |
| Western Deep | £10¼ | − ¼ |

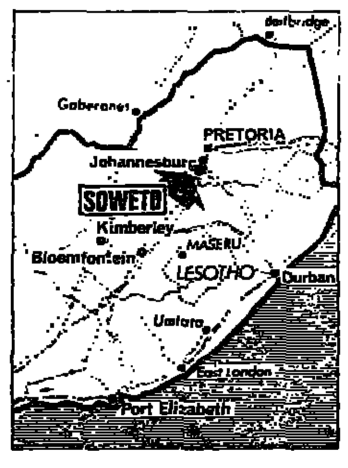
# Six killed, 40 injured in S. Africa rioting

BY ALAIN CASS AND STEWART DALBY

JOHANNESBURG, June 16.

**South Africa's largest and most militant black township was to-night under virtual siege by heavily armed police and anti-terrorist units after a day of *rioting which has so far left at least six people dead* and up to 40 injured.**

Among the dead are believed include four black residents of Soweto and two whites who were dragged out of their cars, beaten and stabbed to death in separate incidents.




Among the dead were a white Government official and a policeman as well as two black children — one, according to an eyewitness, around seven years old. Reports that a second policeman and a second white official had also died could not be confirmed.

The other dead man appears to have been caught by a stray bullet.

Nineteen of the injured taken to hospital had bullet wounds.

The death toll in what are being described as the worst civil disorders in a black township since the clash at Sharpeville on March 21, 1960, when police shot and killed 67 Africans, may go higher.

In Capetown, where Parliament is meeting, an emergency debate was expected, and Mr. John Vorster, the Prime Minister, had urgent meetings with senior colleagues. Officials would make no comment but privately they were at pains to describe *the clashes as isolated incidents* of no political significance.

## Embarrassing

The confrontation is bound to prove acutely embarrassing to Mr. Vorster as he prepares to meet Dr. Henry Kissinger, the *U.S. Secretary of State*, in Germany next week as part of his policy of detente in South Africa.

South Africa is already under heavy attack for its involvement in the Angolan civil war, and this sort of incident could seriously undermine Mr. Vorster's attempts to present a moderate image of a Government willing to improve the black man's lot in South Africa in return for peace along its borders.

*The trouble flared when students* at a school in Soweto protesting at the enforced use of the Afrikaans language in schools organised a march.

The language issue has been on the boil for some time. To-day's incident was the culmination of several weeks of strikes and boycotts by students. Some believe the student unrest is symptomatic of much deeper discontent and is well organised by black militants.

Police tried to halt the march and rioting broke out. Reinforcements—including two helicopters which wheeled over the rioters dropping tear gas—and several hundred members of the special anti-terrorist squad, armed with sub-machine guns, were called in.

The police claim they were provoked into firing, and shot to kill only after firing several warning shots in the air. Black residents who spoke to reporters say the police fired into the crowd.

Later one police officer on the *spot was quoted by the South* African Press Association as saying: "We fired into them. It's no use firing over their heads."

Soweto has been an area of intense racial tension *for years*, and to-night reporters found an ugly determined mood.

All whites in the area, including the entire white staff of Baragwanath Hospital, were evacuated. No ambulances were able to get through the police cordon, so whites, including injured women, were taken out by private cars.

It is hard to assess how organised the riot was. Some people in Soweto dispute that it was a spontaneous and isolated incident.

One source said that since the victory of the black regime in Angola a new mood of militancy had *spread* and that Blacks, especially students were organising themselves effectively into embryo illegal political organisations.

Parliament, Page 11

AS THE TUC VOTES FOR WAGE RESTRAINT . . .

# Bank hint at tax rise

BY SAMUEL BRITTAN and PETER RIDDELL

A STRONG warning "that positive steps of a budgetary nature" may be needed to keep demand and the public sector deficit "within the bounds that the economy can accommodate" comes this morning from the Bank of England. It is clear that the Bank is hinting at the possible need to increase taxes, particularly indirect ones.

In an unusually forthright Bulletin, the Bank warns that *economic expansion has often* proved faster than forecast. It suggests the possibility of switching demand management from real output objectives to a target *growth of the money national* income.

This would emphasise, once the period of strict incomes policy is over, that the rate of expansion of output and employment would be jeopardised if money wages grew too quickly.

The Bulletin emphasises the need for strict restraint on the money supply, but still stops short of giving actual objectives against which performance can be monitored.

Although he has not so far committed himself to targets, Mr. Denis Healey, the Chancellor, would undoubtedly take *action if the monetary aggregates* looked like rising by anything resembling the 20 to 30 per cent. rates for which he has castigated the last Conservative Government.

It has become a matter of political face for the Government—and also part of its interpretation of its agreement with the TUC—not to make any major cuts in public spending in 1976-1977.

As it is also reluctant to raise interest rates more than necessary to maintain the differential with New York, the hint about budgetary action clearly refers to possible tax increases. The regular July and November official forecasts give the Chancellor his opportunity to consider the matter before the next Budget.

No decision has yet been taken.

## Reluctant

The Chancellor would be reluctant to act for money supply reasons alone. But if after the *July forecast he comes to the* conclusion that economic recovery is proceeding faster than he expected in the April Budget, and there is a danger of exports *or investment being held up by* supply constraints, he will consider raising the tax-take.

While public spending curbs, or an increase in income-tax, would be regarded as a breach of the undertaking with the TUC—and would be considered only in another major sterling crisis—changes in VAT or other consumer taxes, or credit restraints, are regarded in a different light. The argument is that as a result of the April Budget, trade unionists are no worse off with a 4½ per cent. norm than they would be with a higher one.

There are undoubtedly Ministers who are unhappy with this theory and would rather make a start on curbing public spending. Knowledge of the possible need to go to the IMF this autum could help to resolve any stalemate.

But while public spending cuts for this year would only take *place through force majeure*, the political decisions for 1977-78 and future years have still to be taken. The annual public expenditure survey known as "PESC" should be available in the middle of July together with the medium term economic forecasts. Decisions could be announced any time between July and late October.

The Prime Minister is determined not to throw away the possibility of an export-led recovery *by too large a growth of* home demand next year and wants to err on the side of caution.

It will, however, be important politically for *Ministers* to insist that spending cuts are not simply based on a mechanistic desire to reduce the borrowing requirement in accordance with IMF thinking.

The Government turned down influential financial advice from domestic as well as overseas sources to make an announcement on public spending at the same time as the $5.3bn. credit package from the IMF.

On the other hand, it would be extremely difficult to obtain credit from the IMF unless the borrowing requirement were cut to appreciably below £10bn., compared with the £12bn. estimate for 1976-7.

The most likely outcome on present evidence is that public spending *for next year* would be cut by about £1bn., and that revenue estimates will also be raised as the Bulletin suggests as a result of the faster than *expected expansion of the* economy.

## Re-examined

There are also signs that public spending in 1978-9 and later years is being re-examined. This stems rather from the judgment, already given in the last Public Expenditure White Paper that existing plans would require an increase in the tax burden.

The White Paper was *based on*

Continued on Back Page

Economic Viewpoint, Page 21.
Bulletin, Pages 12 & 13

# Congress vote a 17½-1 majority

BY ROY ROGERS, LABOUR CORRESPONDENT

A SPECIAL TUC Congress yesterday delivered the expected overwhelming support for the next stage of voluntary pay restraint due to be introduced in August, clearing the way for the Government to implement its promised tax concessions and clinch a revised social contract with the TUC.

But before adopting the 4½ per *cent. policy by a majority of* some 17½-1, delegates to yesterday's Congress heard of major [illegible] from several union leaders and it was apparent that *any fresh policy after August of* next year, will have to be far more flexible if it is to win union acceptance.

In the 2¾-hour debate, however, only two speakers came out in direct opposition to the TUC policy document which was ably introduced by Mr. Norman Willis, the deputy general secretary of the TUC standing in for Len Murray who is indisposed. When the vote was taken the antis could muster only 500,000 *of the 10.6m. total*.

The landslide support was immediately welcomed by the Prime Minister, by Mr. James Prior, Shadow employment secretary, and by the CBI.

Mr. Callaghan learned of the TUC decision when he arrived at Folkestone in Kent to address the Labour Party National Women's Conference. He described the vote as "an expression of the national will to defeat inflation, to get Britain on the road to economic recovery and in due course to reduce unemployment."

There now existed in Britain *a common purpose which gave us* a better prospect for the future than we had had for many years, said the Prime Minister who, in tandem with Mr. Murray, is *shortly* to announce the terms of a new social contract being negotiated on the TUC-Labour Party liaison committee.

*As previously reported in the* Financial Times, the revamped contract is expected to include provision for additional labour subsidies in areas of high unemployment and stress the aim of returning to full employment.

Predictably, unemployment loomed large in yesterday's Congress debate along with related issues like demands for selective import controls. Mr. Clive Jenkins, general secretary of the Association of Scientific Technical and Managerial Staffs, led the assault on the proposed new policy by urging the alternative strategy of import controls, directed investment and controls *on capital outflow*.

He and several other union leaders also called for urgent inquiries into the activities of currency speculators who were blamed for the sterling crisis.

Mr. Jenkins was supported by Mr. John Lyons of the Electrical Power Engineers who dwelt on the policy's effect on pay differentials and the consequent reduction in living standards of his members.

Further criticism came from Mr. Alan Fisher of the Public Employees who warned that although his union was voting in favour of the pay policy it would not feel bound by the social contract if the Government was to break its part of it by imposing any further public expenditure cuts.

Conference report and guideline details, Page 16.
Editorial Comment, Page 20.

The most convincing speech in favour of the policy came from Mr. Hugh Scanlon *of* the engineering union. *In a powerful* and impassioned address he spoke of grave misgivings concerning the policy but warned he had arrived at the conclusion that to reject it would lead to a snap election and the defeat of the Labour Government.

Mr. Scanlon, Mr. Jack Jones of the Transport Workers and Mr. David Basnett of the General and Municipal Workers, representing the country's largest unions, all stressed the dire need to maintain a Labour Government in office.

Mr. Jones and Mr. Basnett also underlined their view that early negotiations should be opened with the Government to agree moves for an orderly return to wage bargaining once the new policy has run its 12-month course. Mr. Jones, who is expected to expand on this issue to-day, spoke of the need to allow scope for productivity deals from August 1977.

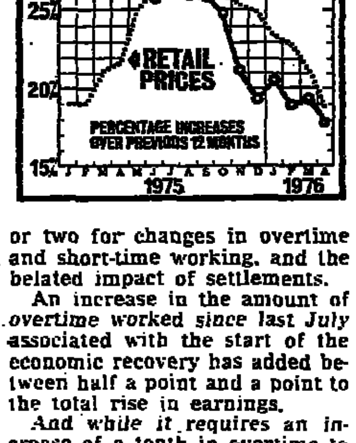
The inevitability of the massive vote in favour of the policy prompted some mine and print workers' delegates to call for the vote at the end of the morning session. A show of hands confirmed that this was the majority view and the unexpectedly early vote found some delegates out of their seats resulting in more abstentions than had been expected.

Journalists from many countries including Japan and Russia and camera crews *from* West Germany were at the Congress.

# Earnings rise rate keeps to £6 pay policy target

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

ON THE day when the TUC approved the second stage of the Government's pay policy, official figures showed that wages and earnings are continuing to rise roughly in line with the targets for the first £6-a-head stage of the policy.




More than 9.5m. people—or around 80 per cent. of the workforce covered by major settlements—have now accepted £6 a week or less and no significant breaches are reported by the Department of Employment after monitoring a total of 10,000 settlements so far.

Average earnings fell fractionally during April—partly because of distortions to the seasonal adjustment caused by the timing of Easter this year—for a total increase in earnings of 9.6 per cent. since the start of the policy at the end of last July.

The underlying recent increase has been between 12 and 14 per cent.—*taking the last six months'* rise at an annual rate—and the year-on-year increase should be in this range at the first anniversary of the policy in July.

This is broadly consistent with the official target of 12 to 13 per cent. over the year after taking account of a further point or two for changes in overtime and short-time working, and the belated impact of settlements.

An increase in the amount of *overtime worked since last July* associated with the start of the economic recovery has added between half a point and a point to the total rise in earnings.

*And while it requires an in*crease of a tenth in overtime to put a point on the earnings index, there is little dispute that a rise in hours worked, more piecework payments and only a gradual rise in the workforce will mean that influences apart from the basic wage limit will have a greater impact on earnings in the second stage of the policy than the first.

Meanwhile as the end of the £6-a-head stage approaches, the year-on-year rate of increase in basic wage rates has dropped even further—down to 19.4 per cent. in the 12 months to May compared with 23 per cent. in April.

This is the lowest annual rise for nearly two years and the deceleration is partly explained by comparison with the very large increase in May 1975.

The annual rate of wage increase is likely to settle down at the present figure for a few months. This is roughly in line with the target since the £6 limit is a higher percentage of wages entitlements than of earnings.

The rise in wage rates is not expected to fall significantly below present levels until the first of the major round of settlements of the second stage—the local authority manual workers in the late autumn.

Basic hourly rates rose by slightly over 0.5 per cent. between April and May mainly because of rises for certain workers in the chemicals industry, cotton spinning and weaving and wool textiles.

FEATURES



F.T. REPORT



ON OTHER PAGES



ANNUAL STATEMENTS



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LOMBARD

# The post-£ fall global problem

BY C. GORDON TETHER

THE ELEVENTH HOUR arrival of the $5bn. sterling support package has spared the rest of the world the traumatic experience it would have suffered had the U.K. authorities seen themselves left with no alternative to taking direct action to halt the run on the pound bank. Since, however, it is unlikely to reverse the extensive re-shaping of exchange rate patterns that had occurred beforehand, another shock the world's economic structure has suffered at the hands of recent events is not going to be quickly cancelled out.

The Swiss Government has pointed up one aspect of this devastating "visitation" by drawing attention to the serious nature of the threat that the current strength of the Swiss franc is posing to the country's entire export trade—and thence to its general well being. It has, indeed, been deemed so imperative to start getting the Swiss franc down from the over-valued position it has been driven to that quite extra-ordinary measures are being taken to influence the behaviour of the supply-demand relationship for Swiss francs to this end, including the mounting of a massive loan operation between German and Swiss interests that has absolutely no other justification.

## Embarrassments

Yet the Swiss franc is only one small part of the picture and, because its troubles arise from the excessive strength of the currency rather than excessive weakness, it is one of the less worrying ones in the international sense at that. All over the world, countries large and small are facing similar acute embarrassments. In some cases they stem from the backwash of the huge monetary tidal wave which the headlong fall in the pound and the Italian lira has set in motion. In others they arise from the tendency for the severe fall in the major currencies to drag other less weighty ones down in their wake.

In others, again, they consist in the threat to export traffic that such extensive movements in foreign currencies must pose unless they are neutralised by "matching devaluations." And it is not the least bit difficult to see that if, as we are continually being told, the fall in the £ has created wonderful opportunities to expand British export traffic, other countries are necessarily going to find the export going so much tougher—particularly at a time when international trade is still running below the levels attained in recent years.

To the extent, thus, that it is likely to prove irreversible, the tumble in the £ has created a host of problems for other countries of an enduring kind. And the fact has to be faced that their individual efforts to grapple with them is destined to have adverse collective consequences for the economic well-being of the world as a whole in two important senses.

One concerns the additional impetus that has been given to the forces that have for some time past been impelling us all towards that great scourge of the 1930s — international currency warfare. And it is important to realise we now have a situation wherein it is not only countries with vulnerable currencies that are compelled to think in terms of deliberately reducing their values, but also those which—like Switzerland — have strong currencies as well.

## Deterrent

In short, devaluation is on the way to becoming the order of the day throughout the world. And no great powers of imagination are needed to see what the ultimate consequences of such single-mindedness are likely to be when it assumes a global character.

The other probable collective consequence of the latest bout of monetary turbulence that gives cause for global concern relates to the powerful deterrent effect many of its repercussions could have on the recovery in world economic activity, now getting underway. This must be true, for example, of the overnight re-shaping of international exchange rate patterns. For in many cases this will mean that business which was previously profitable has suddenly become unprofitable. It must also be true of the intensified danger of an international exchange rates war. For this clearly leaves the entire future of the global currency rates structure looking highly uncertain.

The moral is surely that the case for a thorough re-appraisal of the exchange rates issue has become even more irresistible than it was before. It is now apparent that, if the floating rates system has any advantages, it is one of those good things of which the world can have easily far too much—especially when the ill-effects can be magnified out of all recognition by the activities of the Euro-currency market.

We now have had any number of warnings as to the dire consequences of failing to come to grips with this situation. We cannot afford to ignore any more.

RACING — BY DOMINIC WIGAN

# Sagaro is outstanding

THERE IS no denying the outstanding claims of the French-trained *Sagaro* in to-day's Ascot Gold Cup and it seems pointless to look further for the winner.

Francois Boutin's top class five-year-old, who possesses that rare attribute for a stayer — a formidable turn of finishing speed, spreadeagled the opposition in the corresponding event a year ago and has shown in three outings this season that he has lost none of his ability.

On his last appearance, Mr. Gerry Oldham's Espresso five-year-old put up a particularly impressive display when disposing of Kemal and Citoyen in the £33,000 Prix du Cadran over to-day's 2½ mile trip at Longchamp on May 23.

Sent on in the short home straight at Longchamp, Sagaro was always travelling far too well for the placed horses, who finished just ahead of Mistigri and Henri le Balafre.

Sagaro again should have no difficulty in dealing with Mistigri and forecast backers are probably best advised to row in with Sea Anchor, a resolute winner of Sandown's Henry II Stakes last time out.

**ASCOT**

**2.30—Three Legs***
**3.05—Godswalk*****
**3.45—Sagaro**
**4.20—Scallywag**
**4.55—Regal Ray****
**5.30—Tutu**

There is no two-year-old in Ireland with a better reputation than the Dancer's Image colt *Godswalk* and I do not intend to oppose Christy Grassick's juvenile in the Norfolk Stakes.

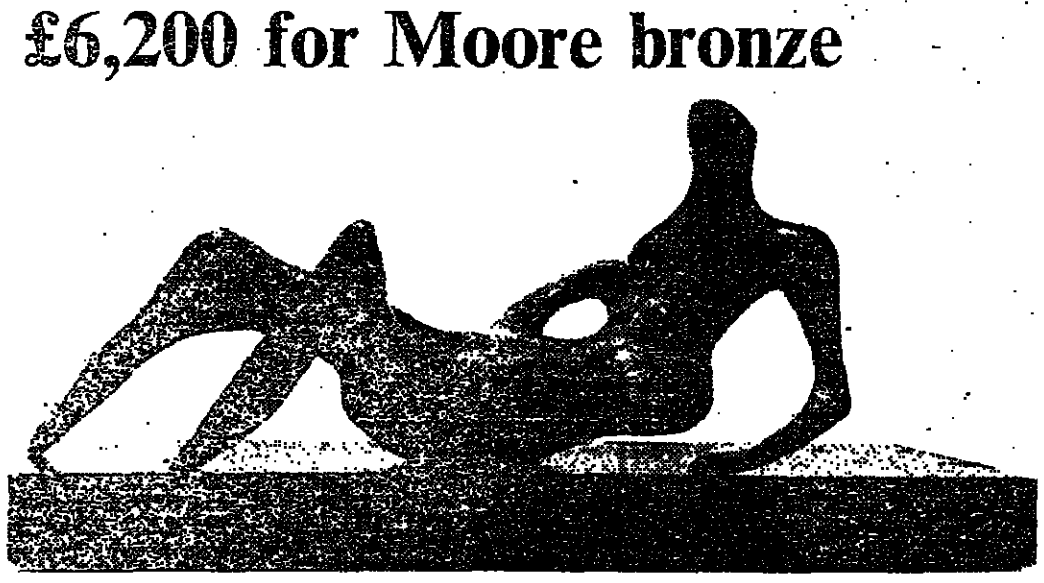
A six lengths winner at The Curragh on only his second public appearance, Godswalk has since gone on to achieve equally impressive victories at Phoenix Park and at The Curragh again.

That invaluable guide Raceform Note-book summed up his most recent success by saying "Godswalk, always a contender for the lead in the centre of the course, slipped ahead with nonchalant ease at the distance and quickened most impressively."

In the day's other two-year-old event, the six-furlong Chesham Stakes—a furlong further than the Norfolk—I expected another Irish raider, Regal Ray, to prove too experienced for Sir Charles Clore's well thought of newcomer Crepe Paper, a colt by Crepello out of Pelting.

SALEROOM — BY ANTONY THORNCROFT

# £6,200 for Moore bronze



This Henry Moore bronze maquette fetched £6,200.

MODERN British drawings, paintings and sculpture constitute a rather nervous market at the moment. They are works of art which mainly appeal to compatriots, and there is not the cash around to guarantee good prices. So Sotheby's sale yesterday met with a mixed response and a total of £103,694.

One artist whose works do consistently well is Henry Moore. A bronze of his, 8½ ins long, entitled "Maquette for reclining figure," one of 12, sold for £6,200 (plus the 10 per cent. buyer's premium), just within forecast. Sir Alfred Munnings' 1906 painting "A Horse Fair" beat its estimate at £4,500.

In contrast, a Lowry, 1965, "Playing with a child," went relatively cheaply to a London dealer for £2,100, and half the Lowry drawings on offer failed to sell. Frances Hodgkin's "Middle Hill, Solva" comfortably beat its forecast of £3,000.

In the afternoon a picture of "Old Victory" by Montague Dawson did well to make £5,600. Terence Cuneo's portrayal of the German surrender at Luneburg Heath in 1945 was bought in. A Walter Sickert, "La Piazzetta, Venice," just reached target at £2,100.

One sale at Christie's did well and another attracted a mixed response. There were few problems with the antique arms, which totalled £90,024, with around 5 per cent. unsold.

In particular, a pair of wheel lock holster pistols made around 1585 by Christolph Tressier in Dresden (or it might have been Dressler) exceeded expectation with a price of £12,000 (plus the 10 per cent. buyer's commission).

Another item of the same period, and also from Saxony, a cartridge holder, sold well above target at £3,400 to the American dealer Braverman, while the same price was paid for a pair of silver-mounted flintlock pistols by Griffin of Bond Street, hallmarked 1754.

Other prices included £3,000 paid by the London dealer Howard Ricketts for a Portuguese miquelet lock gun dated 1789, and £2,800 for a Colt 1860 model army revolver. A pair of percussion pistols made by John Manton in 1827 went for £2,600.

The high reserves on some of the best lots at an auction of clocks and watches deterred buyers.

# ENTERTAINMENT GUIDE

**OPERA & BALLET**

COLISEUM. 836 3161. Until July 17 NUREYEV FESTIVAL Eves. 7.30 Mat. Sats. 2.30 Until Sat. LONDON FESTIVAL BALLET. The Sleeping Beauty Tonight with Rubanne Nureyev. June 22 to July 3: Nureyev and Friends; July 6 to 17: Nureyev with the Scottish Ballet. (N.B. July 5 performance cancelled. Ticket holders ring 01-240 5250).

COLISEUM. 836 3161 NUREYEV AND FRIENDS Gala Preview Monday next June 21 at 7.30. Tickets available.

COVENT GARDEN. 240 1066. THE ROYAL OPERA Tonight & Sat. 7.30 La Bohème; Tomor. 7 Faust; Mon. 7.30 & Wed. 8.15 Un ballo in maschera; Tues. 7 Don Giovanni. Seats avail. except Wed. 65 Amphi seats for all perfs. on sale from 10 am on day of perfs.

GLYNDEBOURNE FESTIVAL OPERA. Until Aug. 8 with the London Philharmonic Orchestra. Tonight and Sat. at 5.10 Mozart's Le nozze di Figaro. Tomor., Sun. and Wed. at 5.30 Debussy's Pelleas et Melisande. Tue. at 5.30 Verdi's Falstaff. Tkts available Tomor. Sun. and Wed. Possible returns only Tonight Sat. and Tues. Box Office: Glyndebourne, Lewes (Ringmer 812411) and Ibbs and Tillett, 124, Wigmore Street. (01-935 1010.)

SADLER'S WELLS TH. Rosebery Ave. EC1 837 1672. (Recorded bkg. inf: 278 5450) UNTIL JULY 3 BALLET RAMBERT 50th ANNIVERSARY SEASON Evgs. at 7.30. Tonight: Moveable garden, Black Angels, tutti frutti.

**THEATRES**

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Sats 5.30 and 8.30. Thur. 3. "The new IRENE is the hottest girl in town." Daily Mail. "It makes you remember what musicals are for." Times. Matinee today at 3.0.

ALBERY. 836 3878. Evenings at 8.00. Mats Thurs. 3 Sats. 5 and 8.15 sharp. National Theatre Production COLIN BLAKELY in EQUUS

DUCHESS. 836 8243. Evenings 8.00. Fri., Sat. 6.15 and 9.00. OH! CALCUTTA! NOW IN ITS SIXTH YEAR "Breathtakingly Beautiful." S. Tel. "The Nudity is Stunning." D. Tel.

FORTUNE. 836 2238. Mon. to Sat. 8. Mats. Sat. at 5. Thur. at 3. LILA KEDROVA SIMON WILLIAMS VERONICA QUILLIGAN GIGI MARY KERRIDGE "Matching the best of this sparkling show." Exp. "A triumph." Dly. Mir. Last 2 weeks.

GARRICK THEATRE. 01-836 4601. Evenings 8. Fri., Sat. 5.30 and 8.30. "RICHARD BECKINSALE is side-splittingly funny" (Daily Mail) in FUNNY PECULIAR "Mike Stott's exceptionally fine, vastly entertaining brilliant comedy." S. Times. "More good laughs than any other play in London." Observer.

GLOBE THEATRE. 01-437 1592. Evenings 8.0. Sat. 5.30 and 8.30. BARRY HUMPHRIES in HOUSEWIFE-SUPERSTAR !! ONLY FOUR MORE WEEKS Good seats available at doors.

GREENWICH. 858 7755. Evenings 7.30. Mat. Sat. 2.30. DENHOLM ELLIOTT, PETER WOODTHORPE and ELEANOR BRON in HEAVEN AND HELL—Two divine new comedies by John Mortimer. Must end June 26. JOAN TURNER UNLIMITED with her unique one-woman show. Nightly 10.30 (until June 26).

HAYMARKET. 930 9832. Evenings 8.00. Mat. Wed. 2.30. Sat. 5.00 and 8.15. Edward Woodward Geraldine McEwan, Stephanie Beacham, Geoffrey Palmer in Frederick Lonsdale's ON APPROVAL "You should rush to see it." Dly. Tel. "It got my approval." E. News. "An evening of comic delight." Harold Hobson, Sunday Times.

HER MAJESTY'S. 930 6606. Evgs. 8.00. Mat. Wed. 2.30. Sat. 5.45 and 8.30. IPI TOMBI "Pulsating musical." E.N. Seats £3 to 50p

KING'S ROAD THEATRE. 352 7488. Mon. to Th. 9.00. Fri., Sat. 7.30, 9.30 BEST MUSICAL OF THE YEAR THE ROCKY HORROR SHOW

PRINCE OF WALES. 01-930 86[…] Mon.-Thurs. 8.00. Fri., Sat. 5.30 & […] "A Great New Musical." Daily Mir[ror] MARDI GRAS "Brilliant. Most exciting musical fo[r a] long, long time." S. Times. "At [last] a British musical to sing about." S. [...] "A really swinging musical." N.o[...]

QUEEN'S. 01-734 1166. Evenings 8. Mats. Thurs. 3.00. Sats. 5.00 and 8. Winner of all the awards for Michael GAMBON in SIMON GRA[Y'S] OTHERWISE ENGAGED Directed by Harold PINTER BEST PLAY OF THE YEAR

RAYMOND REVUEBAR THEAT[RE] 734 1593. 7, 9, 11 p.m. (inc. Sun.) PAUL RAYMOND presents THE FESTIVAL OF EROTICA '76

REGENT. 323 2707. Evenings 8. Friday and Saturday 7.00 and 9. 2ND YEAR OF SENSATIONAL STAGE SHOW OF THE '70s LET MY PEOPLE COME AN ADULT MUSICAL "Never a dull moment." Evening Ne[ws] 100 tickets held for sale at door

ROYAL COURT. 730 1745. Air-Co[nd.] "Fantastically successful Beckett sea[son]" Harold Hobson, Sunday Times. Lst. Prfs. Ton't. Tomor. 8. Sat. 5 & 8 PLAY AND OTHER PLAYS (Play, That Time, Footfalls) "BILLIE WHITELAW IS EXTRAOR[DI]NARY." Obs. "PATRICK MAGEE DEEPLY MOVING." S. Tel. Mon., Tues. & Wed. next at 8 ENDGAME

ROUND HOUSE. 267 2564 Mon.-Thur. Fri. at 6.0 and 9.0. Sats. 5 and 8. (Fri. at 6 ONLY). All Seats £1.[…] LA GRANDE EUGENE "Wonderfully stylish, not to be mis[sed] at any price." Fin. Times.

SAVOY. 836 8888. Evenings 8. Matinee Wed. at 2.30 and Sat. 5. AVRIL ANGERS and DEREK BOND MURDER AT THE VICARAGE

ST. MARTIN'S. 836 1443. Evenings 8. Mats. Tues. at 2.45. Sat. 5.0 and 8. AGATHA CHRISTIE'S THE MOUSETRAP World's longest-ever run. 24th [year]

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DRURY LANE. 01-836 8108. Opening July 22 A CHORUS LINE

DUKE OF YORK'S. 01-836 5122. Evgs 8. Sat. 5.15. 8.30. Mat. Wed 2.30. ELIZABETH SEAL SHEILA STEAFEL "Dances stunningly." "Is hilarious." F.T. "The funny and charming." Gdn. SALAD DAYS "The company are as magical as their piano ... a touch of spring and daffodils to the West End." D. Telegraph.

[…] ALFRED MARKS, MIRIAM KARLIN in BUS S OP "I WAS CLAPPING WITH THE REST OF THE AUDIENCE." Evening News. "WILL PACK THE THEATRE." F.T. BOOK NOW! Tel.: 01-836 8611.

PICCADILLY. 437 4506. Mon. to Fri. 8.00. Sats. 5.30 and 8.30. Mat. Wed. 3. JEROME KERN'S HIT MUSICAL VERY GOOD EDDIE "LOVELY to look at. DELIGHTFUL to hear and HEAVEN to watch." S. Exp. "Absolutely enchanting. I really loved it." N.Y. Times. Fully Air Cond.

[…] DAVE KING […] MARTIN SHA[W] TEETH 'N' SMILES "DAVID HARE'S BEST PLAY—VIVID AND EXCITING." D. Tel.

YOUNG VIC. 928 6363. National Th[eatre] Summer Season. Opns. Ton't 7. To[mor.] Tue. and Wed. 7.30. Sat. 2 and [...] TROILUS AND CRESSIDA (seats £1.[…]) Wed. at 8 The Man Himself (seats 50[p]) Some seats held for sale day of performance.

CINEMAS ARE ON PAGE 35

# TV/Radio

† Indicates programme in black and white.

## BBC 1

7.05-7.35 a.m. Open University (UHF only). 9.41 For Schools/Colleges. 11.50 Cricket: Second Test: England v. The West Indies. 1.30 p.m. Fingerbobs. 1.45 News. 1.50 On the Move. 2.00 You and Me. 2.15 For Schools, Colleges. 3.00 Cricket and Racing. Second Test—England v. The West Indies; Royal Ascot—3.45 The Gold Cup. 3.58 Regional News (except London). 4.00 Play School. 4.25 The Mole and the Gardener. 4.30 Jackanory. 4.45 Blue Peter. 5.15 Boss Cat. 5.40 The Wombles.
5.45 News.
6.00 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 Porridge.
8.30 Monty Python.
9.00 News.
9.25 Second Verdict.
10.15 Omnibus.
11.05 Tonight.
12.05 a.m. Weather Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.55 Wales Today. 6.55-7.20 Heddiw. 8.30-9.00 Blodeugerdd (Welsh music). 11.40 News and Weather for Wales.

Scotland—6.00-6.55 Reporting Scotland. 6.25-6.35 Scottish Liberal Party Conference report. 11.40 News Summary and Weather for Scotland.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. 11.40 News and Weather for Northern Ireland.

England—6.00-6.55 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth).

## BBC 2

6.40-7.55 a.m. Open University.
11.00 Play School.
11.25 Cricket: Second Test, England v. The West Indies.
2.00 p.m. Racing, Tennis, Cricket, Royal Ascot, The John Player Tournament and Second Test.
6.40 Open University.
7.05 The Health Show.
7.29 Weather.
7.30 Newsday.
8.10 Spirit of the Age.
9.00 Call My Bluff.
9.30 Cleo, Cleo Laine sings accompanied by John Dankworth.
10.15 The Lancashire Witches.
10.45 Rhoda.
11.10 Newsnight.
11.25 Cricket and Tennis highlights.

## LONDON

9.30 a.m. Schools Programmes. 10.30 Untamed World. 11.00 Schools Programmes. 12.00 Tom, Dick and Harry. 12.10 p.m. Rainbow. 12.30 Here's Good Health. 1.00 First Report: News, FT index. 1.20 Lunchtime Today. 1.30 Crown Court. 2.00 Good Afternoon. 2.30 Rooms. 3.00 Moody and Pegg. 3.55 Quick on the Draw. 4.25 Children's Film Matinee: "The Thief of Baghdad." *
5.50 News from ITN.
6.00 Today.
6.25 Crossroads.
7.00 The Six Million Dollar Man.
8.00 Spring and Autumn.
8.30 Clayhanger.
9.30 This Week.
10.00 News.
10.30 Help!
10.55 Thursday Thriller: "The Power" starring Suzanne Pleshette and Yvonne de Carlo.

All ITV Regions as London except at the following times:

### ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.25 The Romper Room. 4.55 Spiderman. 5.20 Castaway. 6.00 About Anglia. 6.20 Arena. 7.00 Cash and Company. 10.30 Now and Then. 11.00 Comedy Hour. 11.55 The Living World.

### ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 4.25 The Lone Ranger. 4.50 Time Tunnel. 6.00 ATV Today. 7.00 The Magician. 10.30 Gardening Today. 11.00 Police Story. 11.55 Colin Marchant.

### BORDER

1.20 p.m. Border News. 4.25 Children's Matinee: "Tom Sawyer." 6.00 Border News and Lookaround. 7.00 Island of Adventure. 10.30 Gardening Today. 11.00 Bones. †11.55 Border News Summary.

### CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 3.00 Colgate Women's International Tennis, Eastbourne. 4.25 A Drop in the Ocean. 4.50 The Time Tunnel. 6.00 Channel News. 6.10 Wildlife Theatre. 7.00 Combat. 10.30 Russell Harty. 11.35 Adventures of Projections No. 1.

### GRAMPIAN

1.20 p.m. Grampian News Headlines. 3.00 Colgate Women's International Tennis Tournament. 4.25 Tarzan. 5.20 Wonder Woman. 6.00 Grampian Today. 7.00 The Magician. 10.30 The Odd Couple. 11.00 Second Profile. 11.30 Evening Prayers.

### GRANADA

1.20 p.m. This Is Your Right. 4.25 Survival. 4.50 The Flintstones. 5.15 Dodo. 5.20 Crossroads. 6.00 Granada Reports. †6.30 Command Performance. 10.30 Maude. 11.00 The Cool Game. 11.55 The Challenging Sea.

### HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.00 The Colgate Women's International Tennis Tournament. 4.25 Tell Me Why. 4.55 Fantastic Voyage. †5.20 Clochleheads. 5.25 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 "Wonder Woman." 10.30 Musket, Fife and Drum. 11.00 The Late Film: "The Terror of the Tongs" starring Christopher Lee.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.55 Ble Yn y Byd. 6.01-6.18 Y Dydd.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Sport West.

### SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Women Only. 4.25 Tarzan. 5.20 Puck and his Friends. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Jason King. 10.30 Drive-in. 11.00 Late Call. 11.05 Adam 12. 11.30 Colgate Women's International Tennis (highlights).

### SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 3.00 The Colgate Women's International Tennis Tournament. 4.25 Tarzan. 5.20 Road Runner. 5.25 Crossroads. 6.00 Day by Day. 6.35 University Challenge. 7.05 Island of Adventure. 10.30 Hawaii Five-O. 11.30 The Colgate Women's International Tennis Tournament (highlights). 12.00 Southern News Extra.

### TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. Lunchtime News and Lookaround. 2.00 Women Only. 3.00 Colgate Women's International Tennis from Eastbourne. 4.25 The Little Rascals. 4.50 Beachcombers. 5.20 University Challenge. 6.00 Today at Six. 7.00 Emergency. 10.30 Hawaii Five-O. 11.30 Epilogue.

### ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 4.25 Tarzan. 5.20 Tell Me Why. 6.00 Summer Reports. 7.00 The Big Valley. 10.30 From Glen to Glen. 11.00 What's It All About.

### WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.00 The Colgate Women's International Tennis from Eastbourne. 4.25 A Drop in the Ocean. 4.50 The Time Tunnel. 6.00 Westward Diary. 7.00 Combat. 10.30 Russell Harty. 11.15 Westward Late News. 11.18 West Country Job Finder. 1.25 Faith for Life.

### YORKSHIRE

1.20 p.m. Calendar News. 4.25 Thunderbirds. 5.20 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emergency! 10.30 Emmerdale Farm. 11.25 Drive-In.

## RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including this week's new Top 30 LP discs, and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

## RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S), including 10.30 Waggoners' Walk. 11.30 Ray Moore (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Royal Ascot Sport on 2 Special (1500m only), also 202m Scotland. VHF joins Radio 1. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Two by Two. 7.30 Sports Desk. 7.33 David Allan's Country Club (S). 9.02 Wally Whyton with Both Sides Now (S). 10.02 Sports Desk. 10.06 Folkweave (S). 11.02 Don Durbridge with The Late Show (1500m only), also 202m Scotland. VHF joins Radio 1. 12.00-12.05 a.m. News.

## RADIO 3 — 464m, Stereo & VHF

‡ Medium Wave only

7.00 a.m. News. 7.05 Overture. 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer. […]
[…] lunch summary; 1.35-1.00 News; 1.40-2.00 Cricket—A Way of Life (talk); 2.00-2.10 Lunchtime scoreboard; 2.10-4.20, 4.35-5.45 inc. teatime summary, 5.45-6.40 Cricket Second Test. 6.40-7.00 Life-lines: The Wider World. 7.40 Dame Maggie Teyte recital. 8.00 Live from the Royal Festival Hall part 1, Mozart (S). 8.25 The Poetry of Hilaire Belloc. 8.45 Live from the Royal Festival Hall part 2, Mahler (S). 10.15 Byrd (S). 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

## RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today, including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Yesterday in Parliament. 9.00 News. ‡9.05 These You Have Loved. ‡10.00 News. ‡10.05 From Our Own Correspondent. 10.30 Daily Service. ‡10.45 Morning Story. ‡11.00 News. ‡11.05 If You Think You've Got Problems! ‡11.50 A Country Walk with Andy Price. 12.00 News. 12.02 p.m. You and Yours. 12.27 My Music (S). ‡12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (from 2.00) including 2.00-2.02 News. ‡2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Jack De Manio Precisely, including 4.00-4.05 News. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. […] Escapers. 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

For Schools (VHF only)—9.05 a.m.-12.00 and 2.00-3.00 p.m.

## BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Mike Sparrow with Rush Hour. 9.00 Susie Barnes with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. David Simmons' Call In including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Sound Out. 4.32 Nick Handel with Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Getting Gone. 8.30 In Concert. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2 until closedown.

## London Broadcasting

261m and 97.3 VHF

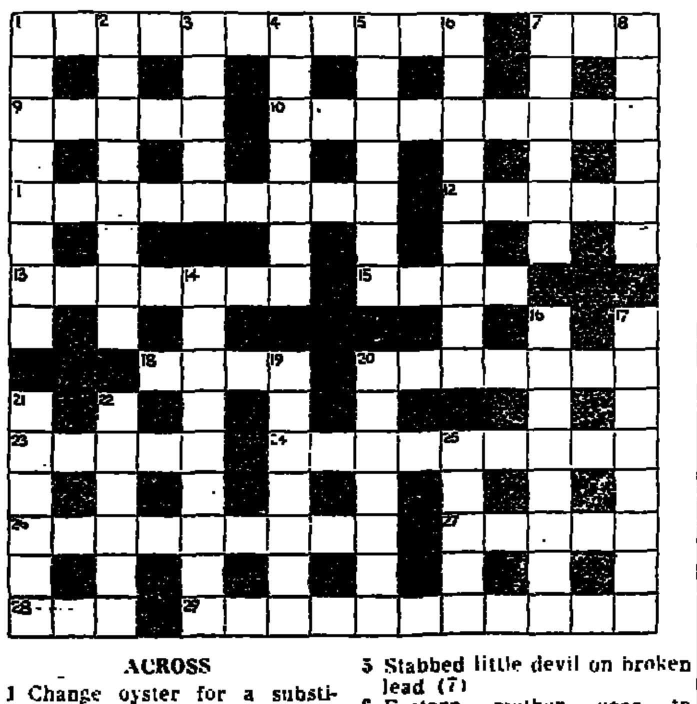
5.00 a.m. Morning Music. 6.00 "A.M." —breakfast-time show. 10.00 Brian Hayes. 1.00 p.m. Newswatch. 3.00 Newsbreak. 7.30 Music in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour.

## Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene, The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash on Delivery. 3.00 p.m. Roger Scott. 7.00 Jane Walmsley and Bryan Wolfe: London Today. 7.30 […]

## F.T. CROSSWORD PUZZLE No. 3,107



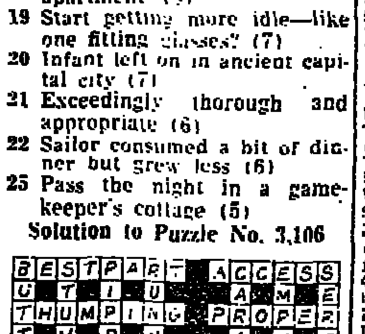
**ACROSS**

1 Change oyster for a substitute (11)
7 Fill a notebook (3)
9 Right oven for the joint (5)
10 Salesman feeding and reiterating (9)
11 Reckless fellow challenged wickedness (4-5)
12 A party engineers love (5)
13 The heart of clever spirit in the gospel (7)
15 Doctor gets one penny from a forceless person (4)
18 Band sound aloud and clearly . . . (4)
20 . . . and orchestra get older dressing (7)
23 Steal from part of Bible for automaton (5)
24 Transport a doctor and start using scalpel (9)
26 Powers not yet developed but a possibility (9)
27 Thrust right into disreputable resort (5)
28 Perch, 5½ yards long, caught on this (3)
29 Drive crazy going round open country—it's insanity (11)

**DOWN**

1 Notice about road over river being shortened (8)
2 Industrial stoppage making char go to pieces (3, 5)
3 Valued yet scolded (5)
4 A right opponent could be coming (7)
5 Stabbed little devil on broken lead (7)
6 Eastern mother goes to people for radiation (9)
7 Keep in confinement, creating a stir (6)
8 Australian gardener (6)
14 Girl initially followed advice and shone (9)
16 Ocean cable—for carrying expresses? (4, 4)
17 Oriental people in tent or apartment (8)
19 Start getting more idle—like one fitting glasses? (7)
20 Infant left on in ancient capital city (7)
21 Exceedingly thorough and appropriate (6)
22 Sailor consumed a bit of dinner but grew less (6)
25 Pass the night in a gamekeeper's cottage (5)

Solution to Puzzle No. 3,106



Leonard Burt

Lynn Seymour in 'Four Brahms Waltzes in the Style of Isadora Duncan'

**Sadler's Wells Theatre**

# Rambert Birthday Gala

by CLEMENT CRISP

On June 15, 1926, Miss Marie Rambert and Mr. Fred Ashton appeared in the Nigel Playfair revue, *Riverside Nights*, dancing a short ballet called *A Tragedy of Fashion*. That chic little Ashton work marked the first appearance of an enterprise that, 50 years later to the day, we went to the Wells to celebrate and honour on Tuesday night.

*In the intervening half century* the Ballet Rambert has been known as a cradle of British ballet: Dame Marie's genius for discovering and forming choreographers has given the world Ashton, Tudor, Gore, Howard, Staff, Morrice, Chesworth, Bruce and many more: her company—whatever the vicissitudes of the years—has produced artists of rare distinction. Many of them came on stage at the end of the *performance to pay their tribute* to that dear vivid and undimmably enthusiastic woman who has been their nurse and guide, and sometimes goad; many many more were in the audience, which was like a roll of honour of British dance.

The evening had begun as it meant to go on. Dame Marie, entering her accustomed seat in the front stalls, was cheered to the echo, and the curtain then *rose on Pierrot Lunaire, magnifi*cently done by Christopher Bruce, Julia Blaikie and Bob Smith: Bruce's performance, one of the great dance interpretations of our time, needs no further bouquets from me. Its richness of humour and pathos, its tragic yet hopeful innocence, epitomises what Rambert dancing has always meant at its very best, and the distinguished alumni of the company who watched it must have recognised in it the quality they themselves had established over the years.

There followed two birthday presents for Dame Marie. The first was from Ashton; his *Four Brahms Waltzes in the manner of Isadora Duncan*. It was Duncan who inspired Rambert to dance, and these four waltzes are a sensitive evocation of that liberator of the dance. Lynn Seymour moved through them exquisitely. The final one has already been seen at a Hamburg Gala and on television's *Aquarius*; in it, Seymour, in diaphanous pink draperies, scatters rose petals. The others present different images of Isadora: reclining and playful in the first, lyrical with a scarf in the second, heroic in the third. They are poetic suggestions of what Duncan gave to her public, that quality, identified by Gordon Craig as "Something uttered on the divine theme."

*The second present was* Christopher Bruce's *Girl with Straw Hat*. The curtain rises, and there is Sally Owen impersonating the figure of the schoolgirl Rambert whom we know from that 1890s photograph of a serious child, satchel on her back, clasping a vast and eminently unschoolgirlish hat. Dame Marie's delighted laugh rang out at this, and it did again when the first Ramberlian cart-wheel was performed. The ballet is a brief set of dances for 13 members of the present company using a movement from the Brahms string sextet. It is a *pièce d'occasion*, charming as such, and charmingly danced.

Then the bouquets and the gathering of some at least of the Rambert clan. For the record: Sir Frederick Ashton, Dame Alicia Markova, Maude Lloyd, Prudence Hyman, Elizabeth Schooling, Sally Gilmour, Walter Gore, Paula Hinton, Joyce Graeme, John Gilpin, Belinda Wright, Norman Morrice and Lynn Seymour joined the present company on stage. Dame Alicia spoke movingly of "inspiration, enthusiasm, patience, encouragement and very necessary bullying, to the one goal of trying to help us achieve something worthwhile artistically." Dame Marie told us we were all so kind to have rallied, and we cheered *and* cheered *and* cheered. Happy birthday dear Ballet Rambert! Happy birthday, dear Mim!

**Record Review**

# Sax appeal

by KEVIN HENRIQUES

**BUD FREEMAN. Song of the Tenor**
Bud Freeman (tenor sax), Bob Wilber (soprano sax, clarinet), Bruce Turner (alto sax, clarinet), Roy Williams (trombone), Keith *Ingham (piano)*, Peter Ind (bass), Bobby Orr (drums).
Philips, 6308 254, £2.85.

**LESTER YOUNG. All That Jazz**
Lester Young (tenor sax) and accompanying musicians.
DJLMD 8019, £2.77.

**MIKE OSBORNE TRIO. All Night Long**
Mike Osborne (alto sax), Harry Miller (bass), Louis Moholo (drums).
Ogun OG700 £2.80.

***SHELLY MANN. Hot Coles***
Shelly Manne (drums) and accompanying musicians including Mike Wofford (piano), Oscar Brashear (trumpet), Tom Scott (soprano sax and flute), Tommy Tedesco (guitar) and Chuck *Domanico (bass)*.
RCA SF-8454, £2.79.

**DIZZY GILLESPIE. Live at the "Spotlite"**
Dizzy Gillespie (trumpet) and orchestra including Kenny Clarke (drums), Milt Jackson (vibes), Ray Brown (bass).
Hi-Fly H-01, £2.99.

**MIKE WESTBROOK. Mike Westbrook's Brass Band Plays "For the Record"**
Mike Westbrook (euphonium, piano, vocals), Paul Rutherford (euphonium, trombone, vocals), Kate Barnard (tenor horn, piccolo, vocals), Dave Chambers (soprano sax, tenor sax, vocals), Phil Minton (trumpet, vocals).
Transatlantic TRA *312*, £2.99.

American tenor-saxophonist Bud Freeman has been—and still is—a popular and welcome visitor to Britain for several years now and not solely because he is an unashamed Anglophile. His light, uncomplicated style fits in whatever company he plays. Aside from that he has an historical importance also. Just past his 70th birthday, Freeman is one of the last remaining active links with the Bix Beiderbecke/Chicago jazz era—he was once described as "the man who made the tenor acceptable to Dixielanders." But *like so many influential players* he has *never stuck rigidly to one* style or era. Indeed in the 1940s he studied for about three months with legendary pianist/innovator Lennie Tristano.

However there is nothing about *Song of the Tenor*, a *highly pleasing album which* Freeman recorded in London last November and which contains thoroughly satisfying listening all the way. No prolonged choruses from anyone, no rambling or dithering. Simply a dozen standards and Bud Freeman originals expertly arranged by fellow American Bob Wilber and played with enthusasm by all concerned. "That D Minor Thing" (written by Freeman) has some notable solos from the composer, Bob Wilber on his unusually-shaped soprano-sax and Bruce Turner (alto) plus first-rate ensemble playing. Trombonist Roy Williams is on six of the tracks and his world-class stature is conclusively proved on "Easy to Love" on which he and Freeman (here most balladic) complement each other adroitly.

Though it is impossible to seriously dislike Bud Freeman's tenor playing I have always preferred *something more advanced* harmonically and stylistically, something not *quite* so polite. Lester Young for instance who, ironically, admitted his admiration for Bud Freeman. The similarities and differences between the two can be gleaned from DJM's "two-fer" in their *All That Jazz* series containing 12 tracks by Young recorded live in the early 1950s. As with too many DJM releases, minimal per*sonnel and recording details are* available and once again the sound quality is lo-fi with crowd noises obtruding so much that unimpaired listening and enjoyment are impossible. Young plays with typical relaxation on the ballads and gives warhorses such as "Lester Leaps In" and "Sunday" vigorous attention. However there are better-value examples of the saxist's 1950s playing on better-recorded albums.

No complaints about the recording quality of the latest LP from alto-saxophonist Mike Osborne, recorded at a concert in Switzerland. Like the same trio's *Border Crossing* (reviewed here in May 1975) this is firmly rooted contemporary jazz. Densely structured, it is almost brutally intense at times, with all three musicians maintaining a high level of creativity and rapport. Harry Miller's bounding, busy, bass lines and arco playing are a marvel and Louis Moholo's drumming totally relates to his colleagues' work. Mike Osborne's furioso alto has been lauded here before, so no need to do so again except to note that my ears suggest he should rein the tendency too often heard on *All Night Long* to enter the land of blind cacophony. Lesser players do it continually. Osborne is sufficiently skilled never to need *to*.

**Hot Coles** is a little gem of an album, the "Hot Coles" being eight Cole Porter standards which drummer Shelly Manne and his colleagues have treated in a completely different but outstandingly satisfying way. Manne says there were no pre-recording session discussions about the arrangements of the tunes. Everything was worked out in the studio collectively by the musicians. If so the achievement is all the more praiseworthy because such over-familiar themes as "Night and Day," "Begin the Beguine" and "All of You" take on a new and envigorating shape and interest. *Most have had their* normal tempos changed but always the result is an unexpected improvement — for instance an up-tempo "In the Still of the Night," "Easy to Love" in waltz time.

There are some notable contributions from trumpeter Oscar Brashear whose crystalline playing on "From This Moment On" and "Love for Sale" recalls his one (but memorable) visit to *Britain in 1969 as a member of* the Count Basie band. Tom Scott is impressive on soprano-sax and plays brooding but sure flute. Guitarist Tommy Tedesco is a new name to me but his gentle, Spanish-tinged but heavily nuanced playing (on "Get Out of Town" especially) puts him on the list of guitarists to note and heavily underline. Add well-conceived dynamics from the assorted percussion instruments and the final verdict is "a finely executed album."

No qualifications either about the execution of the 1946 Dizzy Gillespie band, heard live on broadcasts from New York's Spotlite Club, but which, around the same period, recorded several of the items heard here for the Musicraft label but in a studio.

This is the unforgettable full-blowing powerhouse unit galvanically led by Gillespie inspiring the sections to blow their lips asunder. Gillespie takes most of the solos but among others who get an adequate look-in are Milt Jackson (on his clanking, milk bottle-sounding vibes on "The Man I Love" and "'Round Midnight," plus Thelonious Monk and John Lewis who cope valiantly with a bum piano.

Apparently these tracks have not been issued before and the album, the first from a new company in Geneva, is obtainable from specialist jazz record dealers or from Spotlite Records, 103, London Road, Sawbridgeworth, Herts.

And for something completely different from Gillespie's 18-piece bop band try Mike Westbrook's Brass Band which is a quintet *and to which Westbrook, a many* talented pianist/composer devotes a lot of time. With its unusual line-up it is not a jazz band in the generally understood meaning of the term. In this five-person format Westbrook plays music from all sources—ranging from a 16th-century-piece by Baltasar de Beaujoyeulx (this is the Grove Dictionary spelling, not the sleeve-note's), to the Brecht / Weill collaboration "Kanonen Song," to the hymn "Shall We Gather at the River" to the jazz standard "'Round Midnight."

This is not a 100 per cent. improvising band but, as anyone who has heard it in action in streets or parks will testify, it is its all-embracing repertoire which makes it so distinctive and appealing and comprehensible to a far bigger audience than simply jazz fans. The musicians, drawn from all shades of the *musical spectrum*, play everything with commitment, enthusiasm and no little humour. Nice that the Brass Band has at last been recorded. Next time why not an LP from one of its open-air engagements?

**Hammersmith Odeon**

# Bob Marley and the Wailers

by ANTONY THORNCROFT

There are not many concerts which start with the *suspension* of the Ethiopian flag across the stage, but then there are not many top singers who are Rastafarians. Bob Marley is, and his religion, which regards the late Haile Selassie as the Living Messiah and Ethopia as the homeland, is the dominant force in his performance. It all means an experience rather than a musical event.

Bob Marley and the Wailers *came out* of the Kingston, Jamaica, ghetto, and their more sophisticated version of reggae, with a religiously mesmeric under-beat, has carried the Rastafarian message, along with enormous record sales, across the *U.S. and into the U.K. It is very* blackk music, and although there were *not many* dreadlocks, the distinctive hair style of the believers in view on Tuesday *night, there was a great deal* of reverence among the (mainly) black audience.

At one level it is a blatant exhibition of popular music, with Marley on one side of the stage racing through his standard repertoire with his soft expressive voice while the backing trio of ladies ululate on the other side, and the tight playing Wailers maintain the insistent rhythm.

*But the basics are glazed over* with ritual, from the opening announcement of "Peace and Love be in this place," to the mad rush down the aisles towards the stage by the young blacks at the first note. This starts a chain reaction, with the audience stuck in their rows climbing on to the seats and then on to the backs of the chairs for a better view. The bouncers quietly fade away.

Not that there is any trouble. The mood is trance-like among *the swaying fans as Bob Marley*, one hand held over one eye as if warding off evil spirits, eases his way through songs that tell of revolt and eventual fulfilment, raw, rock spirituals. There is the occasional pop hit, like "I *shot the sheriff*," but Marley even manages to make this song sound political. Black critics may complain that commercial success has dulled his appetite for the cause, but the audience still seemed committed enough. *As the neon lights outside the* theatre said, "Feel the vibes," and they were freely given and easily absorbed.

It is very accessible music and there was a high enjoyment level at the concert. But the intensity of much *of the audience* suggested that for many there were deeper undertones, and the feeling of strangeness was increased by the persistent thieving fingers that strayed around pockets as nonchalant gangs roamed around the theatre exploiting Peace and Love much more blatantly than the professional musicians, making money and ritual on stage.

The night before, Little Feat *played Hammersmith. On their* previous British tour, as a support band to the Doobie Brothers, they outplayed the big boys. Now their quickly gained reputation seems bubble-strong. It could be that they were tired, but *with a weak bundle of songs* and poor playing, they shrank again to support status.

**Book Reviews will appear in to-morrow's paper**

## Scottish Ballet's first-night hitch

Scottish Ballet's London season featuring Rudolf Nureyev, due to start on Monday, July 5, has been postponed a day. The pro*duction of Les Sylphides involves* some Peter Pan-type flying on wires that is so complicated that an extra day is needed for rebearsal for the production at the Coliseum.

**Adelphi**

# Irene

by MICHAEL COVENEY

The '20s musical was a pretty silly phenomenon in the '20s, so *no reason to expect it to reveal* socially realist muscle in the '70s. In fact, *Irene* was a New York blockbuster of 1919 and is obviously unleashed by Harold Fielding as both a complement to the recent New York revival and a bid to cash in on midsummer madness among undemanding Londoners. The show is presented with great professionalism; some style and real energy. The original score, by Joseph McCarthy and Harry Tierney (including the title song and "Alice Blue Gown") comes with additions of '30s and '40s, numbers that do much to dent any claims to period pedigree. Dent away, say I; and *Freddie Carpenter's exuberant* direction, together with above-average choreography by Noeman Maen, achieves results at once harmlessly nonsensical, even charming.

The plot concerns the social rise, through marriage to a business mogul, of Ninth Avenue's favourite Irish girl, Irene O'Dare. Sent out to tune a piano, Irene falls in with the eligible Donald Marshall and a *phoney couturier, Madame Lucy*. Lucy is played by Jon Pertwee as a lecherous poseur whose shaky career prospers, as Irene and her loud friends are absorbed in the coarse musical *comedy version of Manhattan* society usual in shows like this. By the interval Irene is the toast of the ballroom at the Hotel Astor—and the business associate of Marshall who is too dumb to realise the girl loves him.

Later we learn that Marshall's shyness is a result of being jilted by a YWCA ping-pong wizard and that a form of sexual neurosis is to delay the clinching embrace until a party in the last *scene set in a spacious art deco* roof garden with a twinkling skyline as backdrop. "You Made Me Love You" (written by McCarthy and a later collaborator, James Monaco) is the familiar song of denouement; and all that remains is for Irene's mother to discover in Madame Lucy her long lost love, Liam O'Docherty, and for the assembled company to stand through the obligatory fashion parade.

The show's ethics are too fatuous to warrant serious complaint and most of the script too puerile to deserve it. That said, it must be admitted that designer Kenneth Rowell has *provided* a succession of attractive sets and beautiful costumes suitable for an occasion like this and unlike any other. Many of the dance routines strain half-heartedly to slake the thirst of musical fans impatient for something better such as *A Chorus Line*.

The cast is good. As Irene, Julie Anthony may be disconcertingly reminiscent of another Julie, but she is good-natured enough to put up with that for most of the evening; she *sings* and dances very well and can even act sufficiently to survive the unspeakably silly "I'm Al*ways Chasing Rainbows" with* which she closes the first act in floods of tears, staring mistily into the middle-distance as though trying to read the number of an approaching bus. Some of the boys went wild. Eric Flynn is stylish and unpushy as *the* mogul, and Jon Pertwee lisps and goggles his way through some terrible lines although, when he *sings*, he is liable to become the most inaudible microphoned singer I've ever not heard. The *inimitable* Jessie Evans is a sheer delight as the upstart mum, swilling stout in her backyard and relieving her corns of their shoes at the ball. And a special cheer on opening night for Janet Mahoney and Jenny Logan who make much of their chances as Irene's friends suddenly tasting the high life.

**Theatre Royal, York**

# The Confessions of a Justified Sinner

Scottish Opera bestowed on the York Festival on Tuesday night the first performance of one of the new operas dutifully commissioned from native composers. Thomas Wilson's *Confessions of a Justified Sinner* is an adaptation by John Currie of James Hogg's novel of the same name. I am ashamed to say I haven't read the book, but shall now hasten to do so. After last year's *Hermiston*, Robin Orr's adaptation of Stevenson, no one could accuse the company either of neglecting their classics or of whitewashing the less attractive sides of the national character. If Hogg's countrymen enjoy parading their supposed weaknesses in public as much as the English do, the *Justified Sinner* ought to be a success north of the border and at the same time be relished by those further south who aren't entirely sold *on the Bonnie Scotland image*.

Hogg's book (1824) is about predestination and the doctrine of God's elect who can get away (literally in this case) with murder in the name of the Almighty. André Gide, who greatly admired the work, described the doctrine as "an aberration of Faith." Robert Colwan, the sinner of the title, is a weak-minded young man encouraged by the Rev. Wringhim, his stepfather (or real father?—there is a vague hint of illegitimacy), to regard himself as one of the elect. Egged on by Gil-Martin, a mysterious apparation visible to no one else, Satan in the guise of a beautiful, smooth-tongued young man posing as Robert's alter ego, the sinner duly murders a harmless cleric (for which deed an innocent man is hanged), despatches his own *elder* brother George Colwan, and finally knifes his mother—all this with golden weapons magically provided by Gil-Martin. In the end, the miscreant is deserted and doomed.

*The events are seen through* the sinner's clouded mind, in an atmosphere of mystery and dreamlike horror, and pervading gloom lightened only by a few scenes of stiff revelry — the family dancing, the servants *aping their master's* harmless amusements, and a drunken scene in the back streets of Edinburgh (very lifelike) in the course of *which* the sinner strikes his brother in the back. The ladies play a minor role, *both mother (Linda Finnie)* and "Mrs." Logan, the housekeeper (Lola Biagioni) being shadowy figures with little to do but admonish and upbraid. The lyrical contrast of which the score stands in some need is *mainly* provided by Gil-Martin, whose part is effectively written and notably well sung by John Shirley-Quirk — one of this artist's most remarkable stage performances.

The sinner is equally strikingly sung and acted by Philip Langridge, for whom Wilson's well-contrived declamatory vocal lines lie well. Thomas Hemsley as the Rev. Wringhim has some mighty Jeremiads in the early part of the opera, but the part fizzles out. Norman Del Mar conducted the Scottish Chamber Orchestra, which looked enormous (though *I* am assured there were only 56 players) in the pit of the intimate, delightful Theatre Royal. Wilson uses the lingua franca of modern opera mostly derived from Britten and Henze, and handles it fluently (with the help of tapes heard from amplifiers in the house), though the first impression was that smaller, more economical orchestral forces would have served as well.

Michael Geliot produces. This seems to me his liveliest staging for some time, though occasionally it is summary in detail. Alexander McPherson provides an eye-catching, *interesting set*, with a circular ramp and a suspended cranium for mutiple projections (with rather too detailed an exploration of Mr. Shirley-Quirk's distinguished features). The effect is grim, but unlike *the new Glyndebourne Pelléas*, it is relieved by touches of warm colour. Excellent costumes. The weak part of the production and, I suspect, of the score, is the static middle act, especially a long scene on Arthur's Seat where the sinner *makes his first*, unsuccessful attempt to kill his brother. The first-night performance went with creditable smoothness.

*

Out at Lyons Concert Hall on Monday evening the University Chamber Choir under Graham Treacher gave a welcome hearing to the *Homme armé Mass* of Dufay, and with the University orchestra, had a *not unworthy shot at Stravinsky's Requiem Canticles*. Keith Williams directed five soloists in a new work, *Pneuma*, by Denis Smalley, in which various types of exhalations of breath and instrumental sounds were passed through a mixer and gently amplified by David Malham—not a very enlivening *example of this kind of music* and performed with the solemnity apparently inseparable from it.

The Prom on the previous evening in the National Railway Museum was fun in spite of the dangerous competition of lots and lots of lovely spick and span locomotives from the steam age. Arthur Butterworth conducted the amateur and gallant Huddersfield Philharmonic, and various Yorkshire choirs in his solidly traditional cantata *Trains in the Distance* (traditional even to the extent of using the hoary, *depressing device of an orator)*, in the enjoyable *Railway Song* of Berlioz, and in Honegger's once notorious tone-poem *Pacific 231*, which recalled to mind a long-forgotten Radio Times photo of the composer on the footplate. *After the flat effect made by the* revival the other day of his *King David*, it is a pleasure to say that *Pacific 231* came up well — it would make a welcome change from some well-worn concert overtures, and should promptly be restored to the Prom repertory.

RONALD CRICHTON



**Festival Hall**

# New Philharmonia

Lorin Maazel conducted what seemed a scrupulously prepared *account of Jacob Druckman's Windows* on Tuesday. Druckman is a 48-year-old American, known in Britain (if at all) only through a few electronic pieces on record. *Windows*, which won him a Pulitzer Prize, is a big, assured *orchestral study*; the "*windows*" are, in his words "points of light which appear as the thick orchestral textures part, allowing us to hear, fleetingly, moments out of time." That is, single gestures which suddenly evoke (but do not quote), older music penetrate intermittently through a seething stream of many layered sound. Though Druckman uses a massive percussion section, the sound is notably clean and muscular, not just a roar; the brass writing is continueusly inventive and individual.

For Druckman, the work is something of a declaration of independence from what he has come to think the constraints of "post Webernian structuring." Non-specialist audiences must nonetheless hear it as pretty fragmented, but it has a ring of *confident purpose. A less fiercely* driven performance than Maazel's might avoid the feeling of too-regular alternations of furious bursts and frail echoes.

Maazel's treatment of Mozart's Symphony No. 39 was ungentle and *under-phrased*: a loveless rendition, I thought, unless Maazel's is the jealous love that fears lest its object seem too attractive to others. The Finale betrayed no trace of wit. Nor did the *grazioso* Finale of the Brahms *B-flat Concerto*, which the *soloist* Alexis Weissenberg played as he had played the rest: steely-fingered and brittle in fortissimo, toneless and limp in pianissimo —and he recognised very little territory between. It was not an unconsidered reading, but icy and short-breathed. Some sensitive horn-playing made amends. The solo cello in the Andante had an old-fashioned warmth and grace: in this company, it stuck *out like a bleeding heart on a* sleeve.

DAVID MURRAY

WORLD TRADE NEWS

BRITAIN'S LEADING EXPORTERS

# ICI and Leyland fight for top spot

BY GEOFFREY OWEN

BRITISH LEYLAND regained in 1975 what it regards as its rightful position as the country's largest exporter, narrowly beating ICI into second place. The severe recession in the world chemical and textile industries took its toll of ICI's exports last year, but 1976 will show a marked improvement. Both ICI and British Leyland may well top the £800m. mark this year and another close race is in prospect.

With British Petroleum also dropping back because of the fall in world oil demand, Ford, GEC and Courtaulds all moved up in the ranking list.

Further down the list spectacular increases in exports were achieved by such companies as Racal, George Cohen 600 Group, EMI, Davy International and Thorn. A total of 30 companies in the list are foreign-owned or controlled: a striking feature is the continued strong performance of U.S.-owned engineering companies, including Caterpillar, International Harvester, Cummins, Ingersoll Rand and General Motors (Scotland).

This is the fourth year in which the Financial Times has published its list of leading exporters. It is based on figures for direct exports of manufactured goods, as published in annual reports or obtained direct from the companies.

Except where otherwise stated, the figures relate to the financial year which ends in 1975. This inevitably means that companies whose financial year ends in February or March are at a disadvantage compared to those with a December year-end. GEC, for example, reported exports of £315m. in the financial year to March, 1975; its exports for the calendar year 1975 amounted to £370. Ever Ready has just reported exports of £29.6m. for the year ending February 28, 1976, against £22.6m. in 1974/75.

A further qualification is that direct exports do not necessarily give a true reflection of a company's net contribution to the U.K. balance of payments. This applies particularly to the oil companies and others (such as International Nickel and Johnson Matthey) which are primarily concerned with importing raw materials, refining or processing them in the U.K. and then re-exporting them. BP estimates its net contribuiton to the balance of payments last year at £185m.

A growing number of companies are now including such figures in their annual reports. ICI, for example, gives its net contribution, after allowing for imports, at £350m., Ford at £355m. The British Leyland figure on the same basis would be about £544m.

It would be better stil if foreign-owned companies were to specify not only their imports from associates, outside the U.K. (which for companies like Ford and IBM are substantial) but also dividends, royalties and any other payments they may make to their parent companies.

One company which does reveal this figure is ITT; its subsidiary, Standard Telephones and Cables, had exports of £68m. last year and the net balance of payments contribution was £31.5m.

On the other side of the account the figures in the table do not include indirect exports or income from license fees, royalties and dividends. Pilkington, for example, had income of this kind amounting to £21m. last year, on top of direct exports of £31m., while Rank Xerox reported overseas income of £54m. in addition to direct exports of £68.7m.

In the case of General Motors, the figures for its U.K. subsidiaries have again been given separately. If the exports of Vauxhall, General Motors (Scotland) and General Motors Ltd. were put together, this would produce a figure of £210m., putting GM as a whole into 12th position in the table. Similarly if Esso Petroleum and Esso Chemicals were combined, the company would be in 18th place.

It is hoped that, as in previous years, any errors or omissions in the list will be brought to our attention by the company or companies concerned.

## THE TOP HUNDRED EXPORTERS—1975

Previous year's ranking is given in brackets

| | 1975 £m. | 1974 £m. | | 1975 £m. | 1974 £m. | | 1975 £m. | 1974 £m. |
|---|---|---|---|---|---|---|---|---|
| 1 (2) British Leyland | 589 | 485 | 36 (36) STC | 68.0 | 57 | 71 (77) Decca | 40.42 | 28.0 |
| 2 (1) ICI | 586 | 636 | 37 (53) Stone Platt | 66.6 | 40 | 72 (51) Coats Patons | 40.3 | 42.1 |
| 3 (4) Ford | 452 | 340 | 38 (34) Burmah | 66.1 | 62 | 73 (—) Ingersoll Rand | 37.4 | 17.6 |
| 4 (5) British Steel | 386 | 280 | 39 (42) ICL | 66.0 | 50 | 74 (90) Gen. Motors (Scot.) | 37.3 | 24.1 |
| 5 (7) GEC | 315 | 246 | 40 (63) Davy Interntnl. | 65.0 | 34 | 75 (61) Seagram | 36.8 | 35.9 |
| 6 (8) Courtaulds | 285 | 218 | 41 (31) IMI | 62.1 | 63.9 | 76 (54) Sears Holdings | 36.0(e) | 39.8 |
| 7 (3) British Petroleum | 278(a) | 376 | 42 (45) Intl. Harvester | 60.7 | 49.2 | 77 (89) Acrow | 34.3 | 24.2 |
| 8 (11) Hawker Siddeley | 247 | 171 | 43 (74) Michelin | 60.0 | 29.0 | 78 (—) NCB (Coal Prods.) | 34.121 | 7.5 |
| 9 (13) Massey Ferguson | 243 | 160 | 44 (43) Simon Engineering | 59.5 | 49.8 | 79 (73) Tootal | 34.115(e) | 30.4 |
| 10 (6) Rolls-Royce (1971) | 240 | (b)201 | 45 (59) Associated Octel | 57.8 | 38.0 | 80 (98) Rolls-Royce Motors | 33.1 | 22.0 |
| 11 (9) Unilever | 234 | 184 | 46 (62) Westland | 55.5 | 35.0 | 81 (72) Grand Metropltn. | 32.3 | 30.9 |
| 12 (10) BAC | 200 | 173 | 47 (35) Albright & Wilson | 55.3 | 61.6 | 82 (97) Bridon | 32.0 | 25.8 |
| 13 (12) IBM | 178 | 161 | 48 (39) Plessey | 55.0(d) | 52.2 | 83 (40) BSR | 31.9 | 51.2 |
| 14 (21) Chrysler | 170 | 98 | 49 (46) Turner & Newall | 54.6 | 46.7 | 84 (75) Singer | 31.8 | 29.0 |
| 15 (14) Distillers | 164 | 145 | 50 (48) Reed International | 54.5 | 44.3 | 85 (91) Rank | 31.4 | 23.4 |
| 16 (20) Vauxhall | 151 | 106 | 51 (64) Cummins | 54.4 | 34.1 | 86 (—) G. Cohen 600 Gp. | 31.2 | 19.1 |
| 17 (16) Internatnl Nickel | 144 | 131 | 52 (37) John Brown | 53.3 | 53.5 | 87 (68) Pilkington | 31.0 | 32.7 |
| 18 (33) Tate and Lyle | 123 | 62 | 53 (41) RTZ | 52.3 | 50.7 | 88 (39) Esso Chemical | 30.7 | 52.3 |
| 19 (19) GKN | 119 | 107 | 54 (44) Eng. China Clays | 51.0 | 49.4 | 89 (78) J. C. Bamford | 30.4 | 27.8 |
| 20 (22) Johnson Matthey | 116 | 95 | 55 (80) Booker | 50.9 | 27.2 | 90 (100) Gestetner | 30.25 | 20.8 |
| 21 (23) Tube Investments | 115 | 94 | 56 (56) BOC Internatnl. | 47.3 | 38.4 | 91 (88) British Aluminium | 30.15 | 24.3 |
| 22 (15) Texaco | 114 | 134 | 57 (66) Reyrolle Parsons | 47.1 | 33.6 | 92 (—) Dowty | 30.1 | 15.3 |
| 23 (17) Royal Dutch Shell | 113 | 127 | 58 (65) Babcock & Wilcox | 46.6 | 33.8 | 93 (87) Associated Eng. | 30.0 | 24.6 |
| 24 (18) BICC | 112 | 127 | 59 (96) EMI | 44.74 | 22.5 | 94 (85) Du Pont | 29.8 | 25.3 |
| 25 (24) Philips | 101 | 88 | 60 (55) Kodak | 44.68 | 39.7 | 95 (94) Hoover | 29.6 | 23.0 |
| 26 (27) Dunlop Holdings | 98 | 80 | 61 (70) Wellcome Found. | 44.1 | 31.4 | 96 (83) Johnson Firth Bwn. | 29.45 | 26.7 |
| 27 (26) BAT | 95.7 | 80 | 62 (50) Vickers | 44.0 | 42.2 | 97 (69) Illingworth Morris | 29.36 | 32.2 |
| 28 (25) Esso Petroleum | 94.3 | 82 | 63 (84) David Brown Tr. | 43.6 | 26.1 | 98 (82) NCR | 28.9 | 27 |
| 29 (29) Lucas | 93.8 | 72 | 64 (52) Monsanto | 43.2 | 42.0 | 99 (—) Black & Decker | 28.6 | 20.3 |
| 30 (38) Thorn | 86.0 | 53 | 65 (57) Fisons | 42.74 | 38.4 | 100 (—) Racal | 28.2 | 18.3 |
| 31 (32) Caterpillar | 84.7 | 62 | 66 (58) S. Pearson | 42.73 | 38.1 | | | |
| 32 (30) Glaxo | 75.0 | 68 | 67 (67) Molins | 41.7 | 33.3 | | | |
| 33 (47) Ciba Geigy | 73.7 | 47 | 68 (49) Delta Metal | 40.8 | 42.6 | | | |
| 34 (—) Gulf Oil | 72.3est. | (c)74.2 | 69 (54) Rothmans Intl. | 40.7 | (b)40.0 | | | |
| 35 (28) Rank Xerox | 68.7 | 76 | 70 (71) Beecham | 40.44 | 31.4 | | | |

Notes:
a) Consisting of £219m. in oil products, £59m. in chemicals. b) corrected figure. c) Not included in 1974 list. d) 12 months to June 30, 1975. e) Year ending January 31, 1976.

# U.K. defends dumping policy

BY LORNE BARLING

CRITICS OF Britain's measures to prevent imported goods being sold at unfairly low prices, most notably back-bench MPs who are under pressure from their constituents, have been told to do their homework.

The Department of Trade, which is responsible for implementing anti-dumping action under GATT regulations, has responded to their recent complaints by publishing a paper in which some popular misconceptions are eliminated.

But it does little to reveal the frustrations Government officials meet in investigating dumping. For example, a recent inquiry into the alleged dumping of wood mouldings from a Far Eastern country had some interesting results.

Although the mouldings were being sold in the U.K. at a price which certainly indicated dumping, it was established that the manufacturer was using waste timber in the form of off-cuts as raw material. Dumping was therefore not proved because their manufacturing costs were legitimately low.

The point here, and one stressed in the DoT paper, is that there is no necessary connection between cheapness and dumping. The overriding consideration is whether the goods are being sold at "fair prices."

In the case of a market economy this fair price is judged by home market prices at ex-factory level. If they are not sold in the exporting country, the fair price is measured by export prices to other countries or the cost or estimated cost of production.

Although these criteria appear straightforward, a number of failed anti-dumping applications, such as that into Japanese-made television tubes, have left some doubts about the Department's ability to establish the facts in such a complex foreign industry.

Although the department has stated that it uses the Customs Duties (Dumping and Subsidies) Act and the GATT anti-dumping code as vigorously as possible, it is often very dependent upon industry to supply information to help prove the case.

Some applications can be complicated and time consuming for smaller companies, but in difficult economic times, as at present, the number received by the Department escalates sharply as industries try to protect their interests.

The broad effectiveness of the system is reflected in the results of 42 investigations carried out since the beginning of 1973. Of these two were withdrawn, in eight cases duties were imposed and nine price undertakings by the exporter were accepted. A further eight are being handled by the European Commission, 10 are still in progress and one has been temporarily suspended.

One of the major criticisms has been that investigations are time consuming, but the penalty for the Department acting hastily against a foreign exporter could be an expensive action in the courts contesting the imposition of duties.

Court action has only been taken once in recent times, relating to imports of pig iron from East Germany, and although the court found in favour of the Department, the need for strict fairness was underlined.

The GATT code can be fairly widely interpreted in some respects, but it also imposes important restrictions on the department. First, action can only be take when goods are already being imported, and second, "material injury" to a home industry must be proved.

The department relies to a great extent on the industry to make out a prima facie case itself, then pursues the matter further if necessary. This often involves the use of accountants to confirm damage to a company or industry, and because of the relatively small number of people dealing with one inquiry, things tend to move slowly.

Whitehall officials believe that despite the shortcomings of the system, it achieves its purpose, and that there is a great deal of misunderstanding in industry about anti-dumping. They stress that the cost of manufacture in the U.K. has no relevance in itself to anti-dumping.

They are not convinced that the system will get any simpler when in June next year much of the U.K.'s responsibility for goods imported from countries outside the EEC will become the responsibility of Brussels, with the European Court the ultimate arbiter in disputed cases.

The Department of Trade will continue to play a role in assisting U.K. industry to make out cases where necessary, but European industries already operating through Brussels have had to rely to a greater extent on their own resourcefulness.

The exact function of the Department within the EEC anti-dumping framework is still the subject of discussion, but there is a provision in the GATT code for action on regional problems and this may provide a means of dealing with localised issues.

On the other hand, due to the size of Europe it may be somewhat easier to prove material injury to industries and national Governments will continue to play an important role as intermediaries.

Experience has shown that some European countries are perhaps more adept than Britain at keeping out unwanted imports, while remaining within the letter of the law, and Brussels' interpretation of the code on Britain's behalf will determine future policy.

# Europe's shipbuilders unite

BY JOHN WYLES, SHIPPING CORRESPONDENT

WEST EUROPEAN shipbuilding organisations are to breathe new life into their loose formation, the Association of West European Shipbuilders, in a bid to provide more effective representation at international level.

After more than 20 years in Copenhagen, the AWES is expected to move its headquarters later this year to either Paris or London. A full-time secretariat is to be appointed, together with a new director to replace Mr. K. Engell-Jensen, who is likely to retire as AWES secretary general because of poor health.

A combination of the savage world recession in shipbuilding, fierce competition from the Japanese and South Koreans and the development of shipbuilding policies at EEC and OECD levels have convinced the 12 nation members of AWES of the need to sink traditional rivalries in a bid to create a stronger voice for their shipbuilding industries.

The AWES took an important step forward in this direction at its annual general meeting in Oslo last week with the creation of a special committee to liaise with member associations. The committee will also try to present an AWES view to EEC and OECD committees which are currently discussing the necessity for a contraction in world-wide shipbuilding capacity.

Against this background, the decision to create a full-time secretariat to replace the present one full-time secretary general and three part-time staff is especially significant. One of the first tasks of this secretariat will be to put together a coherent case for dealing with the Japanese shipbuilding industry which is continuing to take the lion's share of the comparatively small volume of new orders being placed.

A special working party which has been set up by the Japanese is expected to acknowledge in its report next week the inevitability of a cut back in capacity. But it remains to be seen whether the report will satisfy European anxieties by recommending a strategy and a timetable for run-down or whether it leaves the door open for a laissez faire approach and thus a war of attrition which European yards seem bound to lose.

# Japan, EEC steel curbs

By Charles Smith

TOKYO, June 16.

JAPAN'S VOLUNTARY restraints on steel exports to the EEC set at around 1.2m. tons a year will continue up to the end of this year but may well be lifted in 1977 because of the recovery of demand in the world steel market.

This seems to have been the tentative conclusion of two days of talks which ended here to-day between Japanese officials and an EEC team headed by Mr. Josephus Loeff, deputy director-general of the EEC's Industrial and Technological Affairs Bureau. The talks, which were a sequel to last week's more general EEC-Japan discussions, were said not to be negotiations but to be confined to an exchange of views. Further discussions will be needed before a definite decision is taken on whether to lift restraints on next year's Japanese steel exports to Europe.

Mr. Loeff said in a Press conference this evening that he was quite satisfied at the steel discussions. He expressed mild criticism of Japan, however, for the agreement reached last week with the U.S. on the restrictions of special steel exports to the American market. The EEC, he said, had not yet decided what attitude to take to U.S. calls for restraint on special steel exports, but was reserving its rights under GATT.

## Emission controls plea

Volkswagen and NSU Auto Union of West Germany have asked the Japanese Government to defer the proposed 1978 emission control standards, Reuter reports from Tokyo.

Herr Werner Buttgereit, VW's manager of engine development and testing department, and Herr Walter Zander of NSU said the German car companies have not yet reached a high enough technical level to clear the controls.

Three major U.S. car makers—GM, Ford and Chrysler—have already asked Japan to delay enforcement of the 1978 emission standards.

## Soviet fertiliser deal

Montedison, whose own fertiliser division continues to suffer heavy losses, has signed a contract to supply the Soviet Union with two complete fertiliser plants, Dominick J. Coyle writes from Rome. There was no immediate official indication of the value of the deal, but industry sources put the figure in excess of $100m. The two plants based on the Montedison process will have a daily capacity of 1,500 tons. This order brings to 11 the number of fertiliser manufacturing units which Technimont, Montedison's engineering division, now has planned or in process of construction for overseas customers. Foreign contracts now in hand are valued in excess of $600m.

AMERICAN NEWS

# Caribbean subversion charges denied

By David Bell

WASHINGTON, June 16.

A SENIOR State Department official yesterday rejected charges by Jamaica and Guyana that the United States is seeking to undermine the two Caribbean nations.

Mr. William Luers, Deputy Assistant Secretary of State for Inter-American Affairs, told a House sub-committee yesterday afternoon that any suggestion that the U.S. was trying in any way to subvert the two Governments was absolutely without foundation.

Earlier this month, in an interview with the Financial Times, the Jamaican Foreign Minister said the Government of Mr. Michael Manley has become the object of an American campaign similar to the one mounted before the overthrow of President Salvador Allende of Chile in 1973.

Both Jamaican and Guyanese Government officials have reacted strongly to suggestions in the U.S. Press and elsewhere that their countries are moving rapidly to the left and coming under increasing Communist influence. Even the moderate Prime Minister of Barbados, Mr. Errol Barrow, has charged the U.S. with interfering in the area.

● Peru's ambassador to Jamaica, Sr. Fernando Rodriguez, was killed on Monday night when he was stabbed in his home by two intruders, writes our Kingston correspondent. There have been no arrests so far.

# U.S. current account in deficit

WASHINGTON, June 16.

THE U.S. balance on current account has swung into the red in the first quarter, the Commerce Department said here.

Owing largely to the first quarter merchandise trade deficit, the balance on current account for the first quarter was in deficit by $80m. This compares with a $3.06bn. current account surplus in last year's fourth quarter.

The current account balance includes merchandise trade, exports and imports of services and U.S. unilateral transfers such as Government pensions paid to Americans abroad.

The Department said that transactions of services and unilateral transfers "showed relatively minor change" between the fourth quarter and first quarter. AP-DJ

# Democrats support Carte[r] election platform proposal

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, June 1

MR. JIMMY CARTER won a useful tactical victory last night when the Democratic Party Platform Committee agreed on policy recommendations for the general election in November broadly along the lines he had suggested.

Noticeably absent from the Committee's proposals, which will be debated at the convention in New York next month, were commitments to the sort of emotional issues that have so divided the party in the past.

There was, for example, no position taken on such matters as homosexual rights, marijuana or capital punishment. Attempts to include a commitment to make abortion more difficult were easily defeated, while the opposition of some committee members to school busing was comfortably sidetracked.

The only issue where Mr. Carter's supporters, who effectively controlled the committee's debate, encountered any problems concerned amnesty for those who had opposed the Vietnam war. Mr. Carter's position is that draft resisters should be pardoned, but he does not go beyond this: many liberals feel the word "pardon" connotes some


form of admitted guilt and would rather have a blanket amnesty for all who in any way, by draft dodging, desertion from the services or whatever, suffered by their opposition to the war.

But this opposition was more symbolic than anything else and the final language of the Committee's draft report defers to Mr. Carter in advocating that pardon for resisters should dealt with on a case-by-case b

Even those who feel that Carter is insufficiently commi to the cause of a national he system swallowed their mi ings by agreeing to drop mitment to a "publicly finan scheme. Instead they came to the Carter view that system should allow for the sibility of both public and pri involvement. Similarly the of some liberals that the we system should be comp taken over by the federal Go ment was suppressed.

So smooth were the pro ings that they lasted less two days, rather than the all three. Although minority re may be submitted—and enough support, debated a convention—there seems chance that this will happen name of the game now is and the Platform Comm played it to the hilt this wa

# Insurance problem for flu plan

BY STEWART FLEMING

NEW YORK, June 1

PRESIDENT FORD'S programme to innoculate between 100m. and 200m. Americans against swine flu is in jeopardy following a decision by insurance companies to withdraw liability insurance cover for the influenza vaccines manufacturers.

Warner-Lambert, the parent company of Parke-Davis, one of the largest prospective swine flu vaccine manufacturers, has sent a telegram to the President saying that earlier this week its insurers had withdrawn liability cover as from July 1 and hinting that the company might therefore have to consider withdrawing from the manufacturing programme.

Warner-Lambert is one of the companies engaged in the programme designed to protect Americans from one of the most virulent influenza strains which it is feared could hit America next winter.

A company spokesman said that although the insurance syndicate was prepared to continue to insure the company against the quality of manufacture of the vaccine, it would not offer liability insurance once the vaccine had left Park Davis's premises.

This means that if the vaccine proves in some cases to unforeseen side effects or ineffective on some of treated under the mass im sation programme, the manu turer would not be co against a law suit from a me of the public affected.

A spokesman for the He Education and Welfare De ment has said that the Ad stration will introduce le tion to indemnify the vacc manufacturers in the absen insurance cover. But a P Davis spokesman said that question remains as to wh the Congress will pass such lation.

## NEW CANADIAN LOCKHEED TALKS

By Jay Palmer

NEW YORK, June 16.

CANADIAN Ministry of Defence officials confirmed this morning that new talks had started with Lockheed Aircraft which could result in a revival of the plan to purchase from the U.S. company a fleet of anti-submarine patrol aircraft.

A Canadian military spokesman said that Lockheed had submitted a proposal last week-end and that the round of negotiations with senior company executives that began yesterday were proceeding quickly.

# Rubber workers strike

BY OUR OWN CORRESPONDENT

NEW YORK, June 1

RUBBER WORKERS at the tyre manufacturing plant in Mansfield, Ohio, of the Mansfield Tyre and Rubber Company stopped work to-day following the expiry of their contract last night.

Already some 60,000 rubber workers at the plants of the four major U.S. tyre manufacturers have been on strike for eight weeks following a strike call in April by the president of the United Rubber Workers Union, Mr. Peter Bommarito.

But the president of Mansfield Tyre, Mr. J. H. Hoffman, claimed that the employees at Mansfield had not joined the United Rubber Workers Union's a front against the tyre indu He pointed out that only plant of Mansfield had b struck and it accounted for 1 per cent, approximately of U.S. tyre industry's output confirmed, however, that negotiations were at pre going on.

Little progress is being ported on the wider dispute the four major tyre compa although negotiations are c tinuing to-day. There have b predictions that the disp could go on for several w weeks.

GUATEMALA AFTER THE EARTHQUAKE

# Politics of reconstruction

BY ALAN RIDING, RECENTLY IN GUATEMALA CITY

THE LONG summer rainy season has now begun in Guatemala and the shortcomings of the reconstruction effort since the February 4 earthquake are suddenly becoming apparent. The country's traditionally violent politics, briefly suspended during the weeks immediately after the disaster, are also back to normal, with the reconstruction problems offering a new field for action.

In fact, four months after the earthquake in which almost 23,000 people died, 77,000 were injured and 1.2m. were left homeless, many of Guatemala's problems are just beginning. "We have a chance to re-build the country around different economic and social values," General Ricardo Peralta Mendez, the controversial Head of the National Reconstruction Committee, told me. But so far, the old values remain dominant, preventing "reconstruction" from being much more than the achievement of survival.

To be fair, reconstruction has not yet become the booty of a few army officers and civilian businessmen, as occurred in Nicaragua after the 1972 earthquake there. During the days after the disaster, President Kjell Laugerud took charge of the emergency aid programme and, within the limits of the country's resources, experience and economic structure, worked well with foreign assistance groups in getting help to the injured and homeless. Even now, the numerous foreign groups here have been allowed to adopt towns and villages and rebuild them without Government interference. But the Government's direct role in reconstruction has so far been minimal. "The best you can say about the Government is that it doesn't get in the way," one foreign aid official said.

But the Government's inaction is proving particularly disastrous in Guatemala City, which escaped relatively lightly from the disaster — "only" 1,195 deaths—but where conditions are worst of all now. With dozens of outlying towns flattened by the earthquake, the first priority was naturally to get emergency aid to the countryside. But even after the immediate crisis, foreign aid groups, such as Oxfam and the U.S. Agency for International Development (AID), were more attracted to the provinces because the dimension of the problem there was manageable. For example, 3,200 people died in Chimaltenango, but the town was relatively small and only 10,000 still had to be fed and housed. Many small foreign groups also recognised that it would be easier to raise funds abroad to help the colourful Indian communities of the mountains rather than the grim slums of Guatemala City.

**To-day there are, conservatively, 350,000 people living in precarious huts made of cardboard, plastic sheets, wood and corrugated iron.**

In other words, with foreigners looking after the countryside, it was the Government's responsibility to rescue the capital. Yet, within one month of the disaster, it was apparent that a social problem of monumental proportions was being created in Guatemala City. Even before the earthquake, the Government estimates that at least 250,000 people were living in shacks in or around the sharp ravines that break up the highland plain where the capital is situated. After the disaster, many of those who lost their homes through landslides were joined in looking for a new site for a home by some 100,000 people whose "abode" mud homes had collapsed.

To-day, there are, conservatively, 350,000 people living in precarious huts made of cardboard, plastic sheets, wood and corrugated iron. They have no running water, electricity, drainage, schools or health clinics and their food and clothes are thoroughly inadequate. Many of the shacks leak during the almost daily storms and all have damp muddy floors. Not surprisingly the number of children dying from pneumonia and other bronchial ailments has increased sharply since the rains began last month.

Yet, in spite of the lack of outside assistance, the main demand of the refugees is not for charity. Rather they want an opportunity to buy the plot of land which they have occupied illegally. "Many of us lived in rented homes before the earthquake and our dream of a lifetime is to own our own piece of land," one refugee told me beside his shack on a traffic island. Particularly in the slums that appeared on either side of a new ring-road, the refugees have formed action committees to press the Government to buy up the private land and then sell it back to the new occupants with low-interest mortgages.

Yet, even though the owners of the land can have no hope of recovering possession from the refugees, the Government has so far refused to face up to the problem. "In Guatemala we respect private property," one committee leader was told. "Not to do so would be Communism."

But if incompetence is not a satisfactory explanation for the Government's failings in the city, politics provide the rest of the answer. Guatemala City has always been considered an "Opposition town," while support for the Government has generally come from the countryside. The regime therefore had an extra reason for giving priority to the provinces and not channelling aid through the Opposition-controlled municipal government. The municipality has encouraged the formation of the slum action committees, but, because of their link with o sition politicians, some com tee members have already warned that their activities considered subversive. municipality's officer in char helping the slums, Sr. Rol Andrade, was himself ass nated by Right-wing grou allegedly for encouraging invasions.

The political situation is lessly complicated by squabbles taking place wi the Government's ranks. Gen Laugerud, who became Presi in 1974 thanks to a mas fraud executed by the coun extreme Right, has neverthe been trying to move to Centre politically. The ext Right, headed by former Pr dent Carlos Arana Osorio the current Vice-president Mario Sandoval Alarcon, is turn trying to sabotage Gen Laugerud's efforts to form more moderate political co tion. The result has been an surge of extreme Right-w violence, including the attem assassination of the count leading political liberal, for Guatemala City Mayor Man Colom Argueta.

These battles have inevita been felt in the reconstruct effort. General Arana, remains enormously influen here, was anxious that some loyal to him should be appoi head of the National Reconst tion Committee. But instead President named Gen Peralta, who is considered liberal reformist of the Pe vian variety and a possi progressive candidate for 1978 elections. However, Gen Arana's man, the pro-busin Finance Minister, Sr. Jorge La port Rodil, was put in charge all financial aspects of rec struction. As a result, Gen Peralta's real power to do a thing is limited by the lack co-operation of the conservati private sector.

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# Japan records strong balance of payments

BY CHARLES SMITH, FAR EAST EDITOR — TOKYO, June 16.

JAPAN put up a strong balance of payments performance again in May with the overall balance in surplus by $460m. and a favourable trade balance of $870m., according to preliminary estimates published to-day by the Ministry of Finance.

The figures, which appear just after this week's special session on the Japanese economy at the OECD Economic and Development Committee in Paris, may add weight to charges from other developed countries that Japan's recovery is leaning too much on exports and not enough on the stimulation of domestic demand.

Exports in May, at $5,210m. were 21 per cent. up on May 1975 while imports, at $4,540m., were up by only 4 per cent. on a seasonally adjusted basis exports showed a 5.4 per cent. rise from the previous month while imports were down by 3.8 per cent. The seasonally adjusted trade surplus for May was $1,285m.

The pattern of Japan's foreign trade recently has been that exports have recovered sharply while imports have grown relatively slowly (reflecting the fact that Japanese industry is still overstocked with raw materials as a result of almost two years of recession).

There was a slight weakening of the export recovery trend in the late spring following strength earlier in the year due, apparently, to the fact that demand for Japanese cars and TV sets in the American market was tailing off after an upsurge just after the New Year. It now looks, however, as if "heavy" Japanese exports such as steel and chemicals are on the verge of growth, or already growing, as industrial activity picks up in other major developed countries. This should keep up the impetus of Japan's export-led recovery, according to local observers.

The Japanese Government, which is showing signs of sensitivity to changes that exports are too strong, has forecast that imports will start to grow faster in a few months resulting in no more than a moderate trade surplus by the end of the year. The Government is also very clearly not about to do anything that could discourage exporters from taking advantage of growing opportunities in world markets. Guidelines on export credits, which were announced to-day, are the most generous allowed under international agreements and should help to maximise the competitive strength of Japanese plant exporters.

Other factors contributing to last month's $460m. overall surplus were a deficit on invisibles of $500m. (roughly the normal amount for Japan) and a long-term capital surplus of $30m. reflecting a modest inflow of foreign funds into Japanese securities and very little outflow into portfolio or direct investment. There was surplus of $280m. on short-term capital flows (including leads and lags on import and export payments) compared with a substantial deficit in the previous month.

● A "basic treaty of friendship and co-operation" between Japan and Australia was signed here to-day by the Prime Ministers of the two countries. The treaty represents the outcome of two-and-a-half years of negotiations and is being described as one of the most comprehensive agreements either country has signed with any other nation.

# Kenya to buy F-5 fighters

NAIROBI, June 16.

KENYA to-day secured agreement in principle fro mthe U.S. to supply it with F-5 jet fighters to match MiG 21s flown by neighbouring Somalia and Uganda.

American officials disclosed the agreement, between the Kenyans and visiting U.S. Defence Secretary Donald Rumsfeld, but they declined to give the U.S. reasons for deciding to supply the aircraft. Informed sources here said Kenya was concerend at the strength of the Somali and Uganda air forces.

Senior U.S. officials said the aircraft sale was the main topic during talks between Mr. Rumsfeld and Kenya Defence Minister James Gichuru.

Mr. Rumsfeld discussed financial asjects of the deal during subsequent talks with the Minister of finance and planning. Mr. Mwai Kibaki, the officials added. They said Kenya would buy ten single-seat F-5E and two twin-seat F-5F trainers, adding that the training version had the same military capability as the F-5E. One problem still to be settled was delivery.

Informed sources said earlier that Kenya was anxious to have the aircraft as soon as possible but senior American officials said it was unlikely they could be delivered this year.

Mr. Rumsfeld arrived here last night from Brussels for a two-day visit, th efirst by a U.S. Defence Secretary to Africa. He leaves to-morrow for Kinshasa for talks with President Mobutu Sese Seko. Reuter.

# Talks increase Lebanon peace hopes

BY IHSAN HIJAZI — BEIRUT, June 16.

THEREwas guarded optimism here to-day that some progress was being made to solve the Lebanese crisis as a result of a combined initative by Syria and the Arab League.

Talks held here separately yesterday by Arab League Secretary General Mahmoud Riad and the Libyan Premier, Major Abdel Salam Jalloud, appeared to have produced some positive results.

Mr. Riad is reported to have quelled Christian fears over the proposed Arab League peace-keeping force in Lebanon. He met President Suleiman Franjieh and his two Right-wing allies, Mr. Camille Chamoun, the Minister of Interior, and Mr. Pierre Gemayel, the President of the Phalangist Party, at the port of Tourieh north of here.

Although these right-wing leaders have continued to express certain reservations about the composition of the proposed force, they were reported to have agreed in principle to the League initiative provided it goes hand in band with the Syrian role and will not be a substitute to it.

This, in fact, was the formula Major Jalloud has tried to sell to he Palestinian guerillas and their Left-wing allies.

He was reported to have carried a Syrian offer for phased withdrawal from Lebanon. Under the proposed scheme, Syrian troops would pull back from South Lebanon, the outskirts of Beirut and the Northern port of Tripoli to positions in the Bekaa Valley in the East and in Akkar, near the Northern border with Syria, as soon as the League peace-keeping force arrives here. However, total Syrian withdrawal will not be carried out before a solution to the Lebanese crisis is reached and implemented.

Both Mr. Riad and Mr. Jalloud had returned to Damascus last night but the Libyan Premier came back here to-day. Mr. Jalloud met for 75 minutes with the Phalangist leader Pierre Gemayel. The meetings were described as positive.

On the other hand, observers find it hard to believe that the Syrians would withdraw easily from South Lebanon because of its strategic nature and the Palestinian guerilla presence there.

Informed sources said that about half of the Syrian force in Lebanon consisting of 12,000 troops is currently in South Lebanon. Reliable eyewitnesses said these forces were only about two miles from the Israeli border. Observers pointed out that the Israelis will continue to play down the Syrian military presence there as long as the Syrians pursue their current policy of suppressing the guerillas. They added, however, that it will not be long before the Israelis themselves will be demanding for a Syrian pull-out from the area.

# Assad facing army unrest, say Palestinians

BEIRUT, June 16.

PALESTINIAN Commandos say that President Hafez Assad of Syria is facing army unrest and political discontent over his military intervention in Lebanon.

The commandos, resisting Syria's incursion, say that one army battalion mutinied against orders to move into Lebanon and that a Damascus meeting of the ruling Baath Party broke up in chaos and criticism of President Assad's policy.

Military manoeuvres conducted three days ago by special forces led by the President's brother were in fact no more than a cover for the suppression of the mutiny, according to the Palestinians. The Palestinian news agency WAFA said the Syrian air force was also used to put down the revolt.

There was no independent confirmation of this report, but the defection to Iraq of a Palestinian officer in the Syrian air force was further evidence of discontent, observers said here.

Well informed diplomats here also cited the reported breakup of a Baath Party meeting held in Damascus a week ago to try to explain Syria's role in Lebanon.

The manoeuvres carried out at the weekend by Lieutenant-Colonel Rifaat Assad, the President's brother, were described in Syria as having been successful, but it was never stated where they took place.

According to WAFA "the truth is that a battalion of the Syrian Army positioned in the Damascus area rebelled against the orders issued by the Syrian high command to move to Lebanon and join the Syrian forces positioned there."

Meanwhile in Damascus, the picture painted here of Syria's military intervention in Lebanon is one of peace and tranquillity where the Syrian soldier is welcomed.

There have been no reports here of battles with opposition forces in Lebanon. Government radio, television and newspapers ignore daily bulletins of clashes and casualties issued by Palestinian left-wing groups opposed to Syria's action.

Authorities do not bother to deny the reports, which the Syrian public can hear from foreign radio stations, but the Government maintains there have been no ceasefire violations in the past five days. Criticism by other Arab countries of Syria's action has also gone unreported here.

In Baghdad, the Iraq Government said to-day there was a risk of foreign intervention in Lebanon if the Arab League did not get its proposed peace-keeping force into position there soon. Reuter

# U.S. envoy disappears in Beirut

BEIRUT, June 16.

NEWLY appointed U.S. ambassador Francis Meloy disappeared to-day on his way to an appointment with President-elect Elias Sarkis, an embassy spokesman said.

There was no conclusive information about which side of the Moslem-Christian demarcation line the envoy disappeared into.

Mr. Meloy, a 59-year-old bachelor, embassy economic counsellor Robert Waring, and the ambassador's driver disappeared between 10.45 and 11.00 a.m. (7.45 and 8.00 GMT), an embassy spokesman said. The ambassador, who has been here a month, had not yet presented his credentials.

He has been 30 years in the U.S. Foreign Service, and served in Saudi Arabia, South Vietnam, Paris, and Rome before being appointed ambassador successively to the Dominican Republic and Guatemala.

Unconfirmed reports among Left-wingers said he had been kidnapped. If true, it could introduce a dangerous new element into the already tense Lebanese situation.

U.S. officials said the embassy had received no approaches from any side about Mr. Meloy and Mr. Waring, but it had made the appropriate contacts.

It was believed Mr. Meloy disappeared somewhere near the "green line" crossing point between Moslem West Beirut, where the embassy is situated.

Reuter

# Luanda trial witness arrested for perjury

BY JANE BERGEROL — LUANDA, June 16.

BRITISH mercenary leader Costas Georgiou, alias Colonel Callan, admitted in the Angola mercenaries' trial to-day that he had not acted "under the rules of military conduct." But the Cyprus-born former paratrooper refused to say anything more in his defence.

The admission followed renewed drama in court when the evidence of one prosecution witness was apparently discredited, and the presiding judge announced that another had been placed under arrest for perjury. No details were given of the charge.

Thirteen British and American mercenaries face the death sentence for their part in the Angola war on the side of the defeated FNLA.

The judge told the court: "To judge a man is not only to condemn him. It is to save him and bring him to see his crime face to face, and assume responsibility for it."

All prosecution witnesses have now been heard, describing a climate of fear, murder, destruction and intimidation by foreign mercenaries, who, they also claim, were clearly in command of FNLA forces during their intervention in the last weeks of fighting on the northern front. What may prove to have been key evidence on this point was given to-day by a FAPLA (MPLA armed forces) commanding officer, who told of an order in English and French—which, he said, showed mercenaries were in charge of the FNLA troops and were threatening disciplinary action against troops failing to obey commands.

But the witnesses have—except for one peasant couple, in whose house seven men hid in their attempted flight—been unable to identify the accused individually with any crime. The exception is "Col. Callan." Though every effort appears to be being made by his Angolan defence lawyer to separate hearsay from eye witness reports, and to make sure that other defendants are not putting all the blame for their actions onto this one man.

Callan was called before the judges and asked by the presiding judge whether he considered "as a soldier, under rules of military conduct," that he had acted under those rules? Callan's answer, as he stood handcuffed below the court, was a flat "no, Sir."

One witness who accused defendant Andrew McKenzie of murdering civilians in Sao Salvador was confronted by the defendant speaking in his own defense. McKenzie said he had never been in the bar where the murder was supposed to have taken place, and that his passport would prove he had still been in England at the time of the alleged crime.

● Britain will almost certainly make an appeal for clemency if the mercenaries are sentenced to death, according to Whitehall sources, our foreign staff writes. Although the Government has condemned the mercenaries' activities, it is pointed out that it also disapproves of the death penalty as a matter of principle.

It is also recognised that there could be a political uproar in Britain if the Government stood idly by while British citizens were executed abroad. Any appeal to the Angolan Government would be made on broad "humanitarian" grounds, and would not in any way attempt to justify or condone the mercenaries.



# Frelimo hits Rhodesia

Rhodesia's Mount Selinda border post has again been fired on by Mozambique Liberation Front (Frelimo) forces inside Mozambique, according to the Rhodesia Herald newspaper, Reuter reports from Salisbury. The rocket and mortar attack took place on Monday and lasted three hours, it said. Frelimo troops entrenched in positions 500 yards inside Mozambique had also opened up with small arms fire. Rhodesian troops manning the border post retaliated and suffered no casualties. But so far there has been no official announcement on the incident.

## N. Yemen threat

Lieutenant Colonel Ahmad Al-Ghashmi, Deputy Commander-in-Chief of North Yemen's armed forces, was quoted yesterday as saying North Yemen was planning to ask the Soviet Union to withdraw its military experts from the country, Reuter reports from Kuwait. Col. Ghashmi said that military co-operation between the Soviet Nnion and North Yemen had been frozen because of Soviet failure to supply North Yemen with spare parts for its Soviet-made weapons.

## Plane crashed

A Soviet Aeroflot airliner which disappeared on a flight from the Angolan capital of Luanda to Moscow earlier this month crashed on Malabo Island in equatorial Guinea, Luanda radio said in a report monitored in Londo nyesterday, reports Reuter.

## Guerillas trapped

Malaysian Government troops yesterday tightened their dragnet on a group of Communist guerilla leaders trapped on a jungle hill near Ipoh, West Malaysia, according to a senior Malaysian military officer, Reuter reports from Ipoh. Government troops have repelled all attempts by the guerillas to rescue 15 to 20 of their leaders, who have been surrounded on the hill since June 4.

## Oil prices

Kuwait's Oil Minister, Mr. Abdel-Muttaleb al-Kazemi, wants an increase in oil prices but says it must be decided unanimously by the Organisation of Petroleum Exporting Countries (OPEC) members, Reuter reports from Kuwait.

## Queues for Kips

Laotians queued yesterday to change their money into a new currency introduced by the pro-Communist Pathet-Lao rulers to combat inflation, Reuter reports from Vietiane. Each new liberation Kip will be worth 20 of the old Vietiane Kips.

EUROPEAN NEWS

# 'Cliffhanger' poll forecast by Italian opinion survey

BY DOMINICK J. COYLE

ROME, June 16.

THE ITALIAN general election this weekend may be a real cliff-hanger, according to the latest Demoskopea opinion poll published here to-day, both as to which of the two main parties will emerge ahead and also on whether parties on the political left, including, of course, the Communists, capture more than half of the popular vote.

Demoskopea, in its fourth sampling for the Rome daily La Repubblica during the six-week campaign, continues to put the long ruling Christian Democrats ahead, but with only 34 per cent. of the national vote and for them uncomforting close to the Communist (PCI), who are given 32.9 per cent. The Socialists, according to this admittedly limited sample of 2,000 voters, have 12.5 per cent.

Following an initial rise three weeks ago, the Christian Democrats have shown a tendency to lose electoral ground says Demoskopea, while support for the Communists has remained remarkably steady at around 32/33 per cent. This compares with a PCI total of 27.5 per cent. in the general election four years ago, although the party's support jumped to 32.4 per cent. in the regional elections in June of last year.

The Christian Democrats, meanwhile, appear to have dropped back from 38.7 per cent. in 1972 to 35.5 last year, and now show a further reduction to 34 per cent.

This general picture seems to be confirmed in a second opinion poll published to-day in La Stampa, although it is marginally more favourable to the Christian Democrats. Both polls show a high percentage of "don't knows" at this late stage in the campaign, the smaller percentage being in the Demoskopea-Repubblica sampling indicating that one in ten of the electorate, or a total of roughly 4m. voters, have yet to make up their minds, or at very least have refused to disclose their intentions to the pollsters.

However, the number of undecided voters could well be actually higher, as indeed is indicated in the Doxa-Stampa poll. Demoskopea has been working on a fixed panel of voters, and the constant repetition of the same set of questions is likely to result in that particular sampling now being somewhat more electorally aware and determined to express an opinion than the electorate as a whole.

Certainly, party managers think, in any event, that there are still enough people who have not finally made up their mind to leave the outcome fairly open even within a few days of actual voting, and final speeches by the main political leaders before the campaign ends formally on Friday night will, no doubt, be directed greatly in the direction of the "don't knows."

A final campaign speech of another sort is expected here to-morrow, the feast of Corpus Christi, when Pope Paul is expected to refer to the elections in his sermon during Mass. The Vatican would give no indication this evening as to its likely content, but one source suggested that the Pope's comments would be "direct but relatively mild."

Irrespective of the content, the Pope will again be accused of interfering in the domestic political affairs of Italy by practically all but the Christian Democrat Party which, through its president, Senator Amintore Fanfani, has now repeated that the only real issue in the campaign is whether Italy is to have a Government with or without the Communists. Clearly, if the PCI is in, then the Christian Democrats are out, according to Senator Fanfani. And there are indications that on this fundamental point—at least as of now anyway—Senator Fanfani is not reflecting the overwhelming opinion of the party.

Quite apart from the immediate question of the likely balance of the main parties after the election, the La Stampa inquiry, which concentrated in great measure on voter attitudes, has thrown up some interesting findings. Comparing similar polls in 1967, 1974, 1975 and now Doxa reports a sharp decline in the percentage of voters who consider that Christian Democrat politicians are honest, and an even steeper rise in the reputation of the Communists for honesty.

Similarly, the poll shows that only 58 per cent. of electors consider that the Annshan's Democrat Party is now opposed to violence, against 72 per cent. almost ten years ago, whereas the PCI's image in this crucial area has improved, rising from 16 to 43 per cent., although it should perhaps be stressed that in these attitude surveys there was an exceptionally large percentage of voters expressing no opinion.

Finally, and of particular relevance in view of Right-wing criticism throughout this campaign of Communist long-term intentions, the Doxa poll shows that some 60 per cent. of voters believe that the Christian Democrats could be counted on to defend personal freedom and liberty, a figure which drops to 39 per cent. when the same question was asked on this occasion about the PCI.

The Communists, in fact, would limit freedom, in the opinion of 45 per cent. of voters, by far and away the highest total for any political party here except the neo-Fascist MSI.

Reuter adds: A former Abbot of a Benedictine community in Rome announced to-day that he will vote for the Communist Party. In a statement published in the dissident Catholic magazine Com-Nuoyi Temp., Don Franzoni said that his decision was consistent with his experience as a member of the "Christians for Socialism" group.

He said that church law forbade him to take out a party card, but he hoped that this would not prevent him participating in "the party's political struggle."

Don Franzoni's decision comes in defiance of church warnings to Catholics not to support the Communists, and veiled threats of excommunication if they do so. In previous clashes with the Vatican, Don Franzoni was removed as Abbot of St. Paul Without-the-Walls, and suspended "a divinis" as a priest.

## WHOLESALER KIDNAPPED

ROME, June 16.

A LEADING Italian food wholesaler was kidnapped here early to-day less than 24 hours after police rescued a meat dealer who had been abducted by urban guerillas. But several hours after the abduction of poultry and egg dealer Renato Penteriani police said they still did not know whether it was another political case or a simple kidnapping for ransom.

The brother of beef baron Giuseppe Ambrosio, grabbed by a self-styled Communist guerilla group on Monday, told reporters he feared Signor Penteriani, who controls much of Rome's poultry and egg trade, might have been kidnapped because a "revolutionary meat sale"—demanded as the price for Signor Ambrosio's release—had not gone through.
Reuter

Mono country in southern Italy Page 29

# Gaullists amend gains tax Bill

By Rupert Cornwell

PARIS, June 16.

RELATIONS between the Gaullists and President Giscard d'Estaing are once more looking very frayed, as the Government's controversial Capital Gains Tax Bill continues to have the roughest of rides through Parliament.

The biggest reverse to the Government so far came late last night as rebel Gaullists forced through an amendment opposed by the Finance Minister M. Jean-Pierre Fourcade that will remove the tax exemption that was intended for long-term bonds.

In terms of revenue it is hard to assess what will be the effect of such a modification. However it is the latest and most important change forced upon the original proposal, and illustrates the refusal of the UDR rank and file to take much notice of the compromise that was supposedly elaborated at the Breganeon "summit" 10 days ago.

For all the soothing noises made since that meeting between M. Giscard d'Estaing and his Prime Minister M. Jacques Chirac, the political climate remains stormy: and the substance of the tax Bill on which the President has pinned his reforming reputation is steadily being whittled away.

At to-day's Cabinet meeting he bowed to the inevitable and authorised an extension of the Parliamentary session into July so that the debate may be finished. It was essential he said that the proposals were adopted before the summer recess.

Looming ever larger in the background is the prospect of a Ministerial reshuffle in mid-July.

Reuter writes: France announced plans to-day to declare a 200 nautical mile economic zone, laying claim to all fishing and mineral rights within it.

The weekly Cabinet meeting to-day adopted a draft Bill giving France exploration and exploitation rights on and under the sea bed and in all waters up to 200 miles from any French territory, a Government spokesman said.

"A Law of December 30, 1968 concerning exploration of the Continental Shelf and exploitation of its natural resources, will be extended to apply to the new zone," he said.

The Law on fishing rights in territorial waters will also be applied to the whole of the new zone. The present fishing limit is 12 miles.



# W. German oil chief warns on capacity

BY GUY HAWTIN

FRANKFURT, June 16.

THE WEST GERMAN oil industry lost DM2bn. (£433m.) last year largely as a result of under-utilisation of refinery capacity. This year the position is somewhat healthier but there will still be substantial losses.

Herr Rudolf Von Bennigsen-Foerder, chief executive of the energy giant Veba and chairman of the Federal Republic's Oil Industry Association, said that an improvement in the "utterly unsatisfactory" utilisation of capacity would not be seen for the next two or three years.

Despite the improvement in the economic situation, oil refinery production would be limited by stagnating demand for heavy fuel oil. During the past two years, over capacity had led to losses of up to DM4bn. (£865m.).

Over-capacity, said Herr Bennigsen-Foerder, was not just a West German problem. Judging from current plans the nations of the European Economic Community would have a total refining over-capacity of 250m. tonnes a year by 1980.

The Veba chief's remarks provide an answer for harsh criticism levelled at the industry by the Deutsche Gewerkschaftsbund, the West German equivalent of the Trades Union Congress. The DGB pointed out that, despite a recent general decline in producer prices for mineral oil products prices for refinery products had continued upwards.

Prices of motor spirit have increased 10.5 per cent. in recent months, while light fuel oil prices have risen by 23.8 per cent., said the DGB. The trade unionists have received a measure of support from the chemical industry. The industrialists' main complaint is that the oil concerns have been subsidising petrol costs by increasing prices of industrial oil products, which are less politically sensitive.

WEST GERMANY'S "ordinary wage-earners" did far better during the past two years recession than their managers and the self-employed. A market survey by a Hamburg publishing house claims that net household incomes of unskilled workers rose 32 per cent. during 1974 and 1975, despite short-time working and unemployment.

# Big Norway oil forecasts

OSLO, June 16.

NORWAY should receive about K60,000 in revenues from its offshore oil industries over the next five years, Minister of Industries Bjartmar Gjerde said, to-day.

This exceeds the current state budget by about K10,000m. By 1984, Norway should have maximum production of oil equivalents of 78m. tons from existing finds and this should grow to 88m. tons by 1988 if gas deliveries over a trunk line are included, he said in a parliamentary debate.

Mr. Gjerde was speaking in a debate over a White Paper from the industrial committee concern development of the Statfjord Field, one of the largest offshore oil and gas fields in the world.

A majority of Labour and Conservative members of the committee favour the establishment of two new giant production platforms on the field, while a K300m. feasibility study for landing oil from the field in west Norway is examied.
Reuter

# Changes in Romania

BY PAUL LENDVAI

VIENNA, June 16.

A MAJOR reshuffle of the Romanian Government, involving the Ministry of Defence and the chief of the Bucharest party organisation, was announced last night after a joint meeting of the Romanian party's political executive committee and the Government held under the chairmanship of President Ceausescu. Giving no reasons but only citing the need to improve the activity of the Government, 52-year-old General Ion Ionita, Minister of Defence since 1966, was replaced by Colonel General Ion Coman who after a long career in the political administration of the armed forces was appointed chief of staff and First Deputy Minister of Defence only 18 months ago.

Though General Ionita was promoted to Deputy Premier, his departure has now completed the reshuffle of the entire top leadership of the army which began after the last party congress in December, 1974. As General Ionita only one day before the meeting published a major article about the role of the army, his departure came as a surprise and some observers speculate whether it was the result of the experiences gained during the call-up of reservists at the end of May.

EUROPEAN NEWS

# Callaghan hint on French links

BY ROBERT MAUTHNER

MR. JAMES CALLAGHAN indicated in an interview with Le Monde to-day that he would like to see more regular high-level contacts between Britian and France, but that he saw no need to institutionalise them.

The Prime Minister's remarks are timely because the question of closer political consultation between the two countries will no doubt be one of the main items on the agenda of the talks between him and M. Giscard d'Estaing during the French President's State visit to Britain, beginning next Tuesday.

It is one of the few issues on which a positive decision is likely to be taken which could well take the form of more than just a verbal commitment.

In spite of Mr. Callaghan's lack of enthusiasm about institutionalisation of relations—"It was necessary between France and Germany because you had been enemies, but between us it would be superfluous," he said—the Prime Minister was prepared to accept it if the French President so desired.

M. Giscard is also believed to be anxious to establish regular contacts between the Heads of Government and Ministers of the two countries. It would be surprising if he did not take an initiative in this field.

## Status

Whether such regular consultations will be incorporated in a document will depend on the outcome of the conversations between M. Giscard and Mr. Callaghan. But such a possibility has certainly not been ruled out in Paris.

A document of this kind would not have the status of the Franco-German Friendship Treaty negotiated by Gen. de Gaulle and Dr. Adenauer, but it might be something more than just a communique.

The fact that both leaders seem to be thinking in these terms reflects the mutual realisation that Anglo-French relations have been far from satisfactory in the past few years.

Though Britain is a Common Market member as a result of last summer's referendum, the French still feel, perhaps rightly, that Britain is unenthusiastic about the whole venture.

No doubt M. Giscard hopes to impart some of his own enthusiasm for the unification of Europe in his speech to both Houses of Parliament next Wednesday.

# Bid to dismiss Commission over dairy surplus fails

BY ROBIN REEVES

STRASBOURG, June 16.

THE CONSERVATIVES' bid to dismiss the entire European Commission for its failure to remedy the Common Market's perpetual dairy surplus problems was predictably voted down here to-day by a massive majority of 109 votes to 18. Only Mrs. Winifred Ewing the lone Scottish National Party representative, joined the Tories in supporting the first ever vote of censure against the Commission in the Strasbourg parliament's history.

Mrs. Ewing, explaining her vote, which was the subject of a barbed comment from Mr. Tam Dalyell "That's where you belong" said: "I voted on the issue that if the Parliament is so weak it allows the Commission to treat it with such debonair contempt, then there is very little hope that the Parliament will ever achieve anything of importance."

Apart from four Communist abstentions, all other MPs present in the 198-seat assembly voted against.

Sir Peter Kirk, leader of the Conservative group, nevertheless pronounced himself satisfied with the outcome. "The whole scandal of the skim milk powder will now be dealt with properly" he said afterwards. The group's attack concentrated particularly on the Community's scheme for incorporating 400,000 tonnes of the EEC 1.3m-tonne skimmed milk powder surplus in animal feed—by means of cash deposits levied on competing substitute proteins, notably imported soya beans.

If there was any Tory disappointment at the failure of the censure motion to attract support from other political groups, it was certainly erased immediately after the vote, when the Parliament decided against debating an emergency counter-resolution tabled by the Socialist group.

This resolution sought to cover Socialist flanks by killing the suggestion they were in favour of dairy surpluses because they had voted against the censure motion. It put the blame instead on the Council of Ministers of the EEC member governments, rather than the Commission.

But the rest of the Parliament, evidently tired of discussing the problems of the dairy sector, voted by procedural juggling to refer the matter to its Committee for Agriculture, amid strong protests of undemocratic practice from the Socialist ranks.

The Conservatives claimed, probably with some truth, to have done the Parliament a service by merely brandishing the Assembly's ultimate weapon. Though the outcome was never in doubt, it nevertheless produced an atmosphere of tension and theatre, all too often absent from this Parliament's deliberations.

It reminded EEC member governments that not only is the Strasbourg Parliament not entirely powerless but demonstrated that it is ready to wield its power if sufficiently incensed.

The move will also have given more power to the Brussels Commission in its attempts to persuade the Council of Agricultural Ministers to tackle the dairy surplus problem on the basis of proposals, due to be tabled next month.

Finally, it was wryly noted that the censure motion produced the best attendance of Brussels Commissioners in the Parliament seen for a very long time. Ten out of the 11 presently in harness sat patiently through the debate.

# EEC malt subsidy moves overruled

By Guy de Jonquieres

BRUSSELS, June 16.

EEC MEMBER Governments have overridden a move by the European Commission to impose strict measures designed to protect the Community's subsidy programme for malt exports from speculative abuse.

The commission's measures, which were put into effect last month, provoked strong objections by the management committee administering the subsidy programme, and yesterday the Council of Ministers ordered that they be replaced by considerably milder curbs.

The council's action while not unexpected, is somewhat surprising in that it was assented to by Governments like those of Britain and Germany, which have frequently assailed the Common Market in the past for wasteful and excessive expenditures, especially in support of agricultural policies.

The malt affair first surfaced last month when a confidential report prepared by M. Claude Cheysson, the commissioner responsible for the Community budget, suggested that as much as 72m. units of account (£36m.) had been paid out needlessly by the Common Agricultural Fund in malt export subsidies.

The report implied that at times when world prices were below those in the Community, some speculators applied for malt exports to third countries but then waited until the world market recovered before selling their malt. They apparently thus obtained a windfall paid for by the agricultural fund.

The report's allegations and the publicity attending them have been strongly denounced by Euromalt, the EEC maltsters' trade association, which has indignantly asserted that the reputation of its members has been blemished.

The commission wanted, among other things, to raise the deposit on export certificates sharply to 50 per cent. of the value of the malt and to shorten the validity period of export certificates to four months from 11 months, except in cases where the country of destination was specified.

# Thorn optimistic on elections

BY PETER HENNESSY

STRASBOURG, June 16.

M. GASTON THORN, President of the EEC Council of Ministers, said to-day that he is optimistic that a meeting of the Heads of Government of the Nine in Brussels next month would decide to go ahead with direct elections to the European Parliament in 1978.

Addressing a meeting of the Parliament in Strasbourg he raised the possibility of the first directly-elected assembly having 198 members—the same as at present. Once elected it would be for that Parliament to decide how many members its successors should have.

M. Thorn said that he had been trying to find a compromise between the various proposals made by members of a community ranging from a Parliament of 198 favoured by the French to an assembly of 401 members proposed by the Belgians. "The most important point is that direct elections based on universal suffrage take place," he added.

Despite M. Thorn's contribution, the Parliament passed a motion calling for a body of between 350 and 400 directly elected members "as a necessary prerequisite for a balanced representation of the people and their minorities in various countries and regions."

M. Schelpo Patijn, for the Socialist group, said that a Parliament of less than 350 members was totally unacceptable. If the Heads of Government failed to agree at their meeting on July 11-12 there would be no chance of direct elections by the target date of May, 1978.

Lord Gladwyn, for the Liberals, said that progress towards political union depended on a directly-elected parliament with increased powers. Without it, the European concept would go into a slow decline. A directly-elected parliament of 198 members would, however, be better than a complete failure of the Heads of Government to agree.

# Soames on Spanish entry

BY OUR OWN CORRESPONDENT STRASBOURG, June 16.

SIR CHRISTOPHER SOAMES, Commissioner for External Relations to-day predicted that the EEC would respond favourably to Spain's attempt to become a pluralist society as it had to the restoration of democracy in Portugal and Greece.

He told a meeting of the European Parliament in Strasbourg that the Community was proving to be "a powerful pole of attraction in world affairs." But the EEC's external policy could not be simply a matter of formulating a grand design. Its character was determined by its dependence on world trade and its interest in maintaining an open world economy.

The Community, he went on, could not act as a global policeman or as the moral conscience of mankind. But the new European factor in world affairs was based on a commitment to pluralism, democracy and the social market economy.

"Our attachment to the conceptions of liberal and social democracy is a most fundamental determinant of the Community's attitude to the continuing division between East and West."



# NY ban on Concorde criticised

PARIS, June 16.

U.S. TRANSPORTATION Secretary William Coleman said to-day that New York Port Authorities made a big mistake barring the Anglo-French Concorde supersonic airliner from Kennedy Airport.

"I think the New York Port Authority exercised extremely poor judgment and did not serve the interests of its people."

Speaking at a Press conference on a visit to France during which he discussed Concorde with President Valery Giscard d'Estaing, he said New York's attitude did not serve its interest if it "expects to remain the primary port of exit and entry to the United States. . . ."

Concorde was "a fine aircraft which, in my judgment, is entitled to demonstrate it can meet the noise standard and otherwise can fly to the U.S.

Mr. Coleman said that, on the basis of a first report by the U.S. Federal Aviation Authority on Concorde landings at Washington, he could not yet say whether Concorde would pass its test in the U.S.

"On the basis of the first 12 landings and takeoffs at Dulles Airport, you will agree there is not enough statistical data to determine one way or the other what the noise will generally be."

Concorde pilots were gaining skill in avoiding too much noise at Dulles. At Kennedy Airport they could make a turn that would take the aircraft across water rather than over inhabited areas, he said. "I hope sooner than later, Kennedy Airport will permit Concorde to land."

Reuter

HOME NEWS

# 'No shortage of uranium for nuclear expansion'

BY DAVID FISHLOCK, SCIENCE EDITOR

URANIUM PRODUCERS were confident that there would be no shortage of suppliers to meet nuclear expansion plans at the first joint meeting of producers and customers in London yesterday.

But Mr. Reginald Worroll, uranium adviser to the Chamber of Mines of South Africa, warned customers that they could expect to pay substantially more, and may have to make down-payments or loans to cover the expense of opening new mines.

He told an international symposium on uranium supply and demand organised by the Uranium Institute that in some cases producers would not be prepared to increase production without customer-financing and pricing arrangements "under which future operating costs will at least be guaranteed."

He called for more participation between the producer and customer—the electrical utility—and said that the customer should not find "unduly onerous" the idea of making pre-payments or loans, as well as minimum price guarantees.

After four years of decline in Southern African uranium production, this year would show an increase. Last year's output of 2,800 tonnes would treble to about 10,000 tonnes by the end of 1978.

The main reason would be the new Rossing mine in Namibia, with a rated capacity of 5,000 tonnes initially, but which, he forecast, would produce at least 12,000 tonnes by 1980, and 15,000 tonnes by 1985.

World uranium production must increase by about 15 to 20 per cent. annually until the end of the 1980s — "an extraordinarily high rate of increase."

Mr. John Kostuik, president of Denison Mines in Canada, and chairman of the Uranium Institute, confirmed that there were "strong grounds" for believing the very optimistic forecasts of demand.

He quoted the joint report by the International Atomic Energy Agency and the OECD earlier this year, and a U.K. study on energy research and development this month in preparation for next week's national energy debate in London.

A study specially commissioned by the Uranium Institute on U.S. uranium supply and demand—the institute has no U.S. members—showed that the present annual level of discovery in the U.S. was about only half that nation's 1985 requirement.

Moreover, the effort was costing \$2-\$3 per pound—which implied the search for new resources was going to prove very costly in manpower unless new techniques could be found.

Mr. Anthony Grey, chairman of Pancontinental Mining, with the largest "reasonably assured resources" of Australia's seven producers, was confident that Australia would shortly be able to supply the world, over at least the next 30 years.

He said that the nation's record of honouring commercial commitments once approved by Government—in the shape of export licences — would provide a guarantee of supply.

# Company revalues house cover

BY ERIC SHORT

HOUSEHOLD INSURANCE policy-holders with Commercial Union are to have their insurance cover revalued and premiums raised to allow for inflation, then automatically index-linked to cover future price rises, unless they decide specifically to reject a scheme announced by the company yesterday.

Under the scheme the value placed on the buildings, and the premium paid, will be revalued in line with the monthly Royal Institution of Chartered Surveyors housing index, with house contents linked to the durable goods section of the retail prices index.

The move is an attempt to solve the problem of under-insurance by policyholders, which all insurers face during high inflation. The company will write to U.K. holders of private house and contents policies offering the option of having their sums insured linked.

It advises holders to revalue their houses and contents. It provides a ready reckoner which indicates very approximately by how much the sum insured should be increased.

Mr. David Johnson, personal insurances manager, said CU would continue to pay out on claims up to the sum insured, and would not in general apply the principle of averaging, under which, if the sum insured is inadequate, the claim is down.

● January storms damaged at least 1,500 churches, costing about £750,000, Mr. Allan Grant, chairman of the Ecclesiastical Insurance Office, said at yesterday's annual meeting. Insurance companies have already said that the overall cost of the storms is likely to be the highest in the history of domestic insurance, at well over £20m.

Churches and chapels, like other properties, were experiencing rapidly rising losses as a result of fires, storm damage, theft and legal liabilities. In the 12 months to the end of February the Office paid more than £3m. on fire and accident claims, 20 per cent. more than a year before.

One church fire in South London involved payment of £360,000.

# Varley tells of Chrysler 'risks'

By Terry Dodsworth, Motor Industry Correspondent

MR. Eric Varley, the Industry Secretary, ran into strong criticism from MPs yesterday for failing to take currency movements into account in negotiating the rescue deal with Chrysler U.K.

Appearing at the Commons Trade and Industry Committee inquiring into the Chrysler deal, Mr. Varley said that no calculation of the effect of currency fluctuations had been made by the Department of Industry even though Chrysler's important export contract with Iran was based on payment on pounds.

Only a week ago Chrysler management admitted that the recent slide in sterling had reduced its potential earnings from the Iran contract. The company, said the management, was therefore likely to call on the Government for the full £40m. which has been made available to it in aid this year.

In spite of these new problems for Chrysler, however, Mr. Varley said he was optimistic about the long term future.

There were always risks in this kind of venture, and "no-one can be absolutely certain of viability."

## 'Chance of success'

Provided Chrysler achieved better working relations and integration with its world-wide operations, there was a "chance of success.

"I am much more optimistic than I was at the turn of the year."

Mr. Varley was questioned about the statement by Sir Harold Wilson, the then Prime Minister, that the Government had "a pistol to its head" because the American Chrysler Corporation had threatened to pull out of Britain.

"They were not fooling," Mr. Varley said. "During the course of the negotiations Mr. Riccardo (Chrysler's chief executive) told us that was the recommendation he was making to his Board."

The Government thought it right to conclude the deal which was finally agreed for industrial, social and balance-of-payments reasons.

The survival of the firm affected the balance of payments to the extent of £200m.

# Bowaters applies for 11% rise on U.K. newsprint

BY LORNE BARLING

BOWATERS UK PAPER has applied to the Price Commission for an 11 per cent. increase from August 1 in the price of its home-produced newsprint, now £203.25 a tonne for 45 gramme quality.

Publishers have been told by Bowater that the dramatic fall in the value of sterling had aggravated the build-up of production costs not reflected in selling prices.

The decision came after similar price rises by Scandinavian and Canadian suppliers, and leaves the other big U.K. producer, Reed at a lower projected price for the moment.

The company said yesterday that it had not applied to the Price Commission so far, but did not rule out doing so.

The U.K. paper and board industry's overall output during the first four months of the year was 10 per cent. above that in the same period last year, according to figures from the British Paper and Board Industry Federation.

Newsprint output was down 2 per cent. in the four months compared to a 5 per cent. increase in the first quarter, but demand has increased slightly since then, according to industry sources.

With a substantial improvement in the U.S. market, less Canadian newsprint has been sold in the U.K., where returns have been low because of sterling's fall.

The U.K. industry as a whole continued to operate at about 80 per cent. of capacity compared to the disastrously low average of 73.5 during 1975.

Nevertheless, about half the mills have at least one machine shut because of lack of orders and short time working remains widespread, particularly in Scotland.

PRODUCTION OF PAPER AND BOARD

| | April 4 weeks 1976 '000 Metric Tonnes | April-January 17 weeks 1976 '000 Metric Tonnes | 4 months 1976 of 3 months 1975 |
|---|---|---|---|
| Newsprint | 28.1 | 111.6 | − 2% |
| Printing and writings, papers and boards | 74.8 | 310.5 | − 3% |
| Food wrappings | 4.2 | 17.5 | + 9% |
| Kraft wrappings | 10.9 | 46.2 | −13% |
| Other wrapping and packing papers | 76.1 | 296.2 | +26% |
| Household, toilet papers and tissues | 1.5 | 6.7 | −11% |
| Other tissues | 1.5 | 6.7 | −11% |
| Industrial and special purpose papers | 17.5 | 70.6 | +21% |
| SUB TOTAL | 244.0 | 982.0 | + 7% |
| Packaging boards | 65.9 | 257.0 | +15% |
| Boards for industrial and special purposes | 16.- | 68.5 | +26% |
| Other boards | 5.6 | 22.4 | +76% |
| TOTAL BOARD (excluding printing and building board) | 87.6 | 347.9 | +19% |
| TOTAL PAPER AND BOARD (excluding building board) | 331.5 | 1,330.0 | +10% |
| Building board | 1.8 | 8.1 | + 5% |
| TOTAL PAPER, BOARD AND BUILDING BOARD | 333.3 | 1,338.1 | +10% |

Totals do not always add due to rounding



# Esmark has £20m. expansion plan

By Terry Garrett

A PLAN to double its investment in the U.K. over the next four years has been announced by Esmark Inc. of Chicago.

Esmark is to spend £20m. mainly in the food process industires through its subsidiary Swift Meat, though the company is also represented by Playtex International, which became a wholly-owned subsidiary last November.

The group will also seek a London Stock Exchange quotation for its Ordinary Common Stock.

Last year, Esmark opened two abattoirs in Hampshire and Wiltshire to bring the U.K. total to eight, and the intention now is to open a further two in the West Midlands, though locations and opening dates are undisclosed.

This could mean the creation of 250 jobs, food processing being labour intensive. Expansion is also planned at its existing process cheese plant in Suffolk, and the poultry division, which is based in Lincoln.

Some of the capital expenditure will bring food process plants into line with EEC standards. Swift, Esmark's food subsidiary, claimed to be the first in the U.K. to gain EEC approval for its turkey plant and begin exporting to Germany, France and Switzerland.

In addition, Esmark is scheduled to open a third chemical plant during 1977. The existing plants producing aqueous solvents and hot melt adhesives are based in Ashford, Middlesex, and Chatteris, Cambridgeshire. The new plant is to be opened in Scotland.

# Small co-op directors recommend merger

BY OUR OWN CORRESPONDENT

ANOTHER small co-operative society is expected to join the already large North-Eastern Co-op.

The directors of the Throckley Society, near Newcastle have recommended their 7,300 members to support a proposed merger with its big neighbour.

Throckley operates only six shops and has sales of less than £1m. a year. The North-Eastern Society is one of the movement's largest regional socieitles with sales of over £100m. last year.

It was formed by the merger of five socieites in 1970 in a move intended as the pattern for future co-operative development. Now, if the merger wth Throckley goes through, only Seaton Valley, Chester-le-Street and Townley societies will be trading independently in the area.

Two years ago the Co-operative movement adopted a plan which would result in the formation of 26 large regional societies. Since then very little progress towards implementing the scheme has been made and there are still 224 individual societies.

If the Throckley merger goes through, it will be only the fourth amalgamation this year.

However, with net profit margins under pressure throughout the movement, it is expected that the rate of merger may increase over the next 12 months and several other societies are believed to be having preliminary talks about the possibility of joining forces.

# BP participation pact is expected soon

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A PARTICIPATION agreement is expected to be reached in a few weeks between the British National Oil Corporation and BP. As well as production from the North Sea it is likely to cover other activities, such as refining.

Talks between BP and the Department of Energy have been in progress since participation was agreed in principle a year ago.

Lord Kearton, chairman of the Corporation, said yesterday: "We are meeting considerable friendliness and co-operation."

It is understood that among topics discussed have been a possible joint venture in refining, the possibility of BP lending technical support to the corporation, and the price at which BNOC will buy crude from BP.

Under agreements with other companies, BNOC buys crude at market prices. BP is thought to be asking for a higher price to compensate for the loss of crude to its own downstream activities.

The corporation held its tenth Board meeting in Shetland yesterday. The Board visited the Sullom Voe terminal on Tuesday and members had informal talks with the Exxon Board, which was also visiting the site.

# Pit waste may be pumped out to sea

Financial Times Reporter

THE NATIONAL COAL BOARD is to build an experimental pipeline to test the feasibility of pumping colliery waste hydraulically out to sea. The £150,000 pilot plant, first of its kind in British mining, will be at South Durham coast colliery yet to be decided.

Mr. Raymond Hirst, deputy director of the NCB North-East Area, said yesterday that the cost of transporting 2m. tons of spoil to sea each year was extremely high. It was essential to examine new ways to cut spending.

If the pilot plant were successful, the system could be used in new mines elsewhere.

Councillor James Whelan, chairman of Durham County Council Environment Committee, said: "The experiment represents a significant step on the road to the restoration of beaches throughout Durham.

"We have been campaigning for 20 years for an end to tipping of colliery waste, which is spoiling our coastline."

● Markham Colliery, near Chesterfield, produced its millionth ton of coal in less than six months yesterday. It may become one of the few pits in Europe to produce 2m. tons a year.

Last year, as part of a £10m. development, an underground roadway was cut from the nearby Ireland Colliery so that coal from both mines could be hauled up the Markham shaft.

# Supply contracts move feared

BY A. H. HERMANN

THE ECC Commsson's proposal for a second directive on public supply contracts is viewed by British industry and local government authorities as a counter-productive academic irrelevancy.

If adopted, the directive, providing for the obligatory publication of public tenders in the official Journal of the Communities, could frustrate further progress in a field which the Confederation of British Industry regards as the most important in the whole area of Community industrial policy.

The situation has emerged from testimony given to the Commons Select Committee on European Secondary Legislation by Mr. Basil de Ferranti director of International Computers, and by several CBI spokesmen.

## Advanced

They were supported by tesimony given on behalf of local government authorities by Mr. S. Swallow, the Greater London Council's director of supplies, and other local government officers.

British industry has no intention of opposing further liberalisation of public procurement in the EEC. But it fears that the supplies directive now in draft, if unamended, would block liberalisation and thus possibly limit U.K. public authority suppliers' European export opportunities at a time when they must expect decreasing demand at home.

A more favourable view of the proposal was presented to the Select Committee by Mr. Joel Barnett, Chief Secretary to the Treasury. The placing of public contracts, he said, was freerer in the U.K. than in other EEC countries, and U.K. industry stood to gain from the directive. Some 95 per cent. of public contracts were placed by U.K. authorties with U.K. suppliers, he added.

The overall impression from Mr. Barnett's evidence was that the negotiations within the EEC were very advanced. He could not give any positive assurances about amendment of the directive.

The same impression that the directive is almost agreed between member states has come from M. Fernand Braun, director general for the internal market of the EEC Commission, talking in Brussels. In his view, the final agreement could be reached in a matter of weeks.

The only point of difference still to be thrashed out, he said, was the figure at which contracts would be subject to the EEC publication rules. A minimum of 200,000 units of account—pre-Smithsonian dollars—was a probable point of agreement.

Both M. Braun's and Mr. Barnett's statements have alarmed the CBI, which is concerned that the present draft could be adopted with U.K. Government agreement. The CBI believes that this would be a disaster, seeing the draft as legalistic, inflexible and potentially totally ineffective.

The directive should consist of simple rules providing for maximum publicity and guarantees of real equality of treatment, the Confederation argue. These should be a system of full reporting to the Commission, regular publication of complaints, and a strong machinery for rectification of defaults.

## Returns

In particular, purchasing authorities should make annual returns to the Commission on all contracts awarded above the threshold limit showing the nationality of suppliers. Annual government reports should be backed by oral evidence to the Advisory Committee, on which industry should be represented.

In principle, discrimination in favour of domestic suppliers is already ruled out under EEC treaties. But the CBI believes that suppliers of other countries would benefit from this rule only if they were able to become acquainted with other countries' procedures. Otherwise domestic firms would always have a great advantage over Community competitors.

An amendment strongly supported by the local-government witnesses to the Select Committee concerned the Approved List system. This system, used by many U.K. and other Community purchasing authorities, provides for the pre-selection of contractors in a way which allows the purchaser to check on their technical ability, production capacity and financial standing in advance of contracts being placed.

If this were done throughout the Community, as the CBI recommends, it would make publication of contracts in the official journal unnecessary. And this would remove the advantage that non-EEC countries currently derive from the information advertised in the Journal without having to contribute reciprocally any information on contracts to be placed in their own countries.

## Nine hundred thousand fly the flag

# LEADERS OVER THE ATLANTIC!

**THE battle for first place in the North Atlantic airline stakes on the routes between Britain and America was won in the year ending September 1975 by British Airways. The airline pulled ahead in that period to take 37.4 per cent of the passenger traffic.**

Now the airline predicts that it will further improve its position this year following the upturn in the United States economy.

Announce Reporter

According to Civil Aviation Authority statistics, the total number of passengers between the UK and USA in 1975 was 2,406,000 of which British Airways carried more than 900,000. This means the airline's share of this market is now almost 6 per cent higher than in 1973.

A spokesman for British Airways commented: "*It is* particularly significant that British Airways has been increasing its share of North Atlantic business in a declining market.

### Success

"During the past few years of North Atlantic business depression when many airlines suffered seriously, British Airways not only held its ground, but gained passengers from its competitors."

The contribution to Britain's economy is very significant, totalling a healthy 233 million dollars in the year ending in March 1976.

British Airways success in this intensely competitive market has been achieved because of its superb range of destinations and high standard of cabin service.

For the businessman there are non-stop flights from London to nine North American cities — New York, *Miami*, *Boston*, Washington, Chicago, Los Angeles, Montreal, Toronto and Anchorage — and direct flights to two further cities — Philadelphia and Detroit. Comfortable wide-bodies jets operate on all the routes.

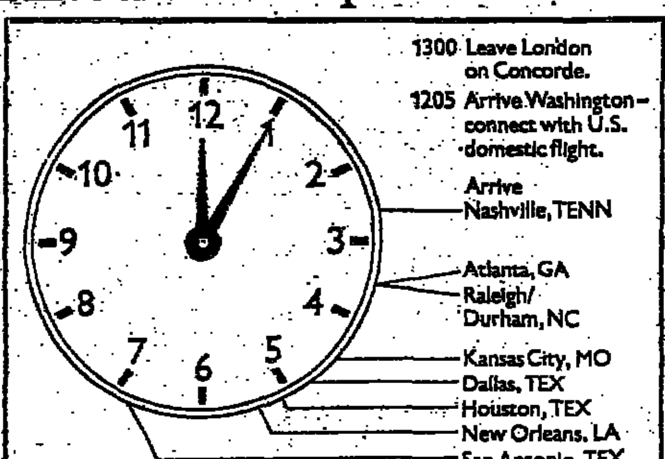
From Manchester and Glasgow, there are direct daily 707 services to New York with other regular flights to Toronto and Montreal.

This year promises success, too.

*For the visitor*, there are the lavish Bicentennial celebrations taking place all over America with the Olympics causing their own special brand of excitement on the other side of the 49th parallel. Poundstretcher low fares and British Airways Sovereign and Speedbird holidays are therefore sure to prove very popular.

The other important feature is Concorde, with its first Transatlantic service to Washington winning wide acclaim.

## Afternoon trips to the US




*Schedules subject to change.*

**BY CONNECTING with US domestic flights from Washington, the British Airways Concorde brings at least 30 American cities within an afternoon's journey of London.**

**Of these, the eight shown above can all be reached more quickly by Concorde than by any sub sonic flights.**

**The British Airways Concorde leaves London at 1300 every Thursday and Saturday, and arrives at Washington Dulles Airport at 1205.**

**Passengers wishing to connect with flights from Washington's other airport, National, are then transferred by a free air-conditioned limousine service, which is exclusive to British Airways Concorde passengers.**

**Also exclusive to *Concorde* passengers is a drastically reduced minimum connecting time between the two airports. By agreement with ten major American domestic airlines, this is a mere 1 hour 45 minutes instead of the normal three hours.**

## Concorde may soon fly to Australia

CONCORDE could soon be flying across the world on regular services to Australia.

It was given permission by the Australian Government this month to fly to Melbourne.

British Airways is planning to build up to three Concorde flights a week to Australia during next year via Bahrain and (subject to the necessary operating permission being given) Singapore.

The flight would take only 14 hours — compared to 26 hours usually taken by subsonic jets.

Managing Director Henry Marking said: "This is excellent news. Concorde has now passed the barrier of acceptability."

## Export drive in South Africa

Under the Table Mountain . . . The Heerengracht with a statue of Jan van Riebeeck in Cape Town

*Photographs by SATOUR*

THE DRIVE for exports in the vital markets of South Africa and East Africa is receiving great help from British Airways. The airline carries exporters to the important business centres of Johannesburg and Nairobi.

Announce Reporter

Johannesburg has daily 747 services, and there are rapid connections from there to all the other South African cities.

Britain is still South Africa's principal trading partner. We import fruit, vegetables, metal ores, gold and diamonds, and we sell a wide range of manufactured goods.

Businessmen are also seeking — and finding — export opportunities in East Africa and the Indian Ocean islands.

### Summer

Following the Government's Civil Aviation Review, British Airways is now the only British airline flying from the United Kingdom to this area.

A weekly 747 service to Mauritius has been introduced this summer, and there are now five services a week to the Seychelles, which becomes independent this month.

Nairobi has a daily 747 service and five other flights every week, and there is also a VC10 service to Blantyre in Malawi.

Kenya and the other East African nations export coffee, tea, and other agricultural products to Britain, and they import machinery, vehicles and manufactured goods.

### Shop

Businessmen flying to Nairobi can stay at the Panafric, a British Airways Associate Hotel. Accommodation there can be *booked at any British Air*ways Shop or travel agent at the same time as the flight ticket.

**Cartoon by Ross**


## The fast check-in

**FIRST-CLASS passengers flying on British Airways intercontinental flights from Heathrow's Terminal 3 can now check-in up to 45 minutes before their flights leave. This is later than the check-in times of all other airlines operating at this terminal. This also applies to British Airways intercontinental flights from Manchester and Prestwick.**

## Boom in holidays for Africa

A leopard takes it easy

**GETTING away from it all means just that these days . . . *for more and more* holidaymakers choose the mystique and adventure of Africa.**

**This year British Airways Sovereign and Speedbird holidays in Africa are as colourful and different as *the mighty* continent itself.**

**Take your pick . . . big game safaris . . . deep sea fishing . . . lazing by a tropical lagoon . . . or even winning another holiday at the gaming tables.**

**Most popular with Sovereign long-haul holidaymakers are Nairobi and the island paradise of the Seychelles in the Indian Ocean, a thousand miles from the African coast.**

**This summer, there is an added attraction in the Seychelles because it will be celebrating its independence after 160 years as a British colony.**

### Safari

**Fourteen nights in the Seychelles start at £300. The five beach hotels offered in the Sovereign brochure include the Coral Strand, a British Airways Associate Hotel which *opened in 1972.***

**Sovereign holidays are also available at two luxury hotels in Mauritius in the Indian Ocean. Prices there for a 14-night holiday start at £380.**

**In East Africa, Sovereign and Speedbird offer wonderful holidays in Mombasa. Six hotels offer holidays on sun-bleached sands backed by palm trees, coral reefs and a blue sea. They start at £240 for 14 nights.**

***Holidaymakers* who would rather see big game than the big ocean can have safari holidays in Kenya and Tanzania.**

**After arrival in Nairobi, the holidaymaker is taken on a leisurely journey by minibus with overnight stays at safari lodges. The prices start at £365.**

**Speedbird also offers holidays in Nairobi, which is a superb centre for sightseeing *throughout East Africa. Prices* for 14 nights at hotels there start at £208.**

**Speedbird's luxury holidays in South Africa are centred in Johannesburg, Cape Town and Durban.**

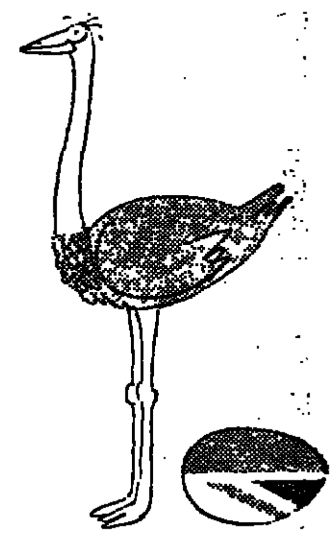
**This winter a new programme of exciting holidays in East Africa and the Indian Ocean are being introduced by Sovereign Holidays in a new brochure now available. Apart from more holiday hotels in the Seychelles and Mombasa, there is also a Sovereign Safari, which tours Kenya and Tanzania. Prices for this safari start at £515 for 14 nights.**

**For the more adventurous there are unescorted Safari tours starting at £430.**

**All the holidays — in East Africa, the Indian Ocean and South Africa — have one thing in common . . . No one will ever forget them.**

June route report

SOUTH AFRICA



## Business and pleasure mix for success

SOUTH AFRICA is the airline's third largest route out of Britain — thanks to a successful mixture of business and pleasure traffic . . .

**BUSINESS.** More and more exporters are flying there. The country has the strongest economy in Africa and is determined to keep it expanding. This clearly means great opportunities *for British companies.*

**PLEASURE.** Thousands of people are flying each year to visit their relatives and friends in South Africa. And, of course, another reason for the route's success in the country's growing popularity with British tourists.

### Stop

British Airways takes good care of all these passengers and gives them:

- Daily 747s to Johannesburg with the fastest flight on six days a week.
- One-stop flights on four days each week. All the flights stop at *Nairobi, but on three* days they also call at Frankfurt.
- Evening departures. This means that passengers from any part of Britain can join the flight at Heathrow without having to make a costly overnight stay in London.

The one-stop flights leave at 21.15 on Tuesdays, Wednesdays, Fridays and Saturdays, and the two-stop flights leave at 20.00 on the other three days. All flights arrive in Johannesburg at 11.45 (local time).

Passengers who need accommodation in Johannesburg can book into the prestigious President Hotel at the same time as they book their flight.

### Special

The hotel, one of the worldwide range of British Airways Associate Hotels, also offers a special "take it easy" package for passengers who want to spend a *night in Johannesburg* before they move on and visit friends or relatives.

The special rate is £10 for a single room with bath and £7.50 per person for a twin room with bath. It is also available to the passengers' friends or relatives who want to meet them in Johannesburg.

The package can be booked through Trust House Forte's British offices.

**The London to Johannesburg return fares are from:**

| | £ |
|---|---|
| Apex 14/90 days | 209.50 |
| Excursion 19/75 days | 306.50 |
| Economy | 603.00 |

*Fares subject to seasonal variation.*

Friends and relatives are now starting to plan their Christmas visits in order to take advantage of the Advanced Purchase Excursion (APEX) fare. This must be booked three months in advance — so Christmas bookings must be made before the end of September at the latest.

For reservations and further details, see your local travel agent or British Airways shop.

HOME NEWS

# Tougher line sought on fibre imports

BY RHYS DAVID

MAN-MADE FIBRE producers in Britain have backed demands from the rest of the textile industry for a much tougher negotiating position by the Government in the talks leading to the next round of textile imports restraint.

The British Textile Employers Association, representing the Lancashire sector, outlined this week five major changes the industry would like to see in the GATT Multi Fibre Arrangement, which regulates world trade in textiles, when the present agreement is renewed from the end of next year.

## Insufficient

Yesterday, a similar call aimed at preventing some parts of the U.K. textile industry from falling below minimum levels of viability was made by Mr. Bill Barnes, chairman of the British Man-Made Fibres Federation, at its annual meeting in London.

The demands are being made at this early stage because of the long process of consultation which will take place, before negotiations on the next stage of the arrangement begin some time next year.

The present agreement, which has been much criticised by the textile industries of Europe for not allowing sufficient protection during a major recession, is to be reviewed by the GATT Textile Surveillance Board later this year.

The member countries of the EEC will then be drawing up a common position for the talks that will be taking place next year on stage two of the arrangement and the U.K. textile industry is hoping to influence the position which the Government will adopt.

Mr. Barnes said yesterday that the minimum 6 per cent. growth factor allowed to exports from the third world countries had produced a marked imbalance over the past year between import growth and total textile consumption.

"If this situation is allowed to continue the complete disappearance of the industry, sector by sector, will ultimately be assured."

The fibre manufacturers took the view that no market should be expected to absorb more than a given percentage of imports and that admission to the market of a new supplier should be accompanied by limitations on established suppliers.

Effective regulation of imports would be best achieved by the introduction of global quotas for each importing country or area such as the EEC. Mr. Barnes gave a warning against adopting the easy solution of agreeing to renew the arrangement in its present form for a further period, on the grounds that it had not been in existence long enough to form an overall judgment.

## Dependent

Activity within textiles was now up substantially on the past two years, but margains were still very dependent on whether the market could absorb necessary price increases.

"The textiles sector needs real investment incentives to accompany the enhanced export opportunities arising from exchange rate changes.

"Adequate rates of return are the only real incentive and the effective operation of price controls will prove an illusory success if it has the effect of dampening investment intentions."

# CBI calls for early start to third wage restraint talks

BY ELINOR GOODMAN AND ADRIAN HAMILTON

WHILE THE Trades Union Congress yesterday committed itself to a second year of wage restraint, the Confederation of British Industry has called for a third period of restraint from next year to enable an orderly return to free collective bargaining.

The call for early discussion this year of next year's re-entry problems came from Lord Watkinson, the CBI's new president whose strategy for an early CBI-promoted national "recovery plan" was endorsed by the Confederation's council yesterday.

The Confederation is to continue its series of informal meetings with officials from the Department of Prices throughout this week to discuss revisions to the Price Code.

A further meeting with Mrs. Shirley Williams, Secretary of Prices, will probably be held next week by which time she is expected to have discussed the value of the proposed relief, and how it is to be given, with some of her Cabinet colleagues.

## Investment

No precise figures on, for example, the increase in the amount of investment expenditure companies can pass on in prices, are expected to be given to industry until the consultative document is published either late next week or early the following week.

Though all the changes to the Price Code proposed by the CBI have now been discussed with the Department of Prices and—in the case of major amendments—the Price Commission, there are still a number of major areas of concern.

There is a worry that the CBI proposals on how to offset the effects of inflation on stocks is not regarded by the Department as being entirely compatible with industry's proposal to include working capital in the investment relief scheme.

Iord Watkinson admitted after the council meeting, the CBI's views on the next phase of counter-inflation policy had to be formulated in discussions both within the CBI and with the TUC and Government.

The CBI would be seeking a gradual return to more flexible wage bargaining based on negotiating units and an acceptance of the need for differentials, but it was his own belief that a period of controlled "re-entry" would be necessary after the second stage of restraint ended next summer.

The CBI was preparing a national recovery plan for discussion in the autumn that would cover investment, prices and wages.

It would be possible one day to return to free collective bargaining and free pricing, but it was necessary to thing of a hpase three of restraint that would be very different from phases one and two, but would enable an orderly transition into an end to restraint.

The fear is that if the consultative document includes provision for some element of inflation accounting on stocks, the CBI's proposals on how to deal with working capital may be lost, though various options are still being considered.

There is also considerable doubt as to whether the Government will accept the CBI's revised formula aimed at allowing companies to retain some of the benefits of increased efficiency and higher sales.

Earlier this week the CBI asked the Department to consider a formula whereby companies would be allowed the option of calculating their labour costs on an input basis while still retaining the output formula for calculating raw material costs per unit of sales.

## Fixed costs

The idea was that companies should also be allowed to assume a constant level of output when calculating fixed costs.

At Tuesday's meeting, the Department put forward its own hybrid formula for rewarding companies for improved productivity but it is understood that this would have resulted in considerably less freedom to raise prices than the CBI's proposal.

The CBI has also told the Department of Prices that it is worried that nothing seems likely to be done to ease the gross margin control on retailers.

The Retail Consortium is also concerned about the slim prospects of getting relief on the profit control, but at a council meeting yesterday it was decided not to ask for another meeting with Mrs. Williams.

Retailers would stand to benefit considerably from any moves to exclude stock profits when submitting profit figures to the Price Commission while the Consortium is also hoping that shop premises will be added to the list of items qualifying for investment relief.

# 'Disaster recipe' says Callaghan

By Philip Rawstorne

THE GOVERNMENT hopes for a 15 per cent. increase in manufacturing industry investment next year, Mr. James Callaghan said yesterday.

He told the Labour Party women's conference at Folkestone, that an increase would throw greater pressure on Britain's resources and room would have to be made for it by holding back for a time on social expenditure.

"Industrial regeneration must come first. It would be to duck the responsibilities of Government and to mislead our own people if we were to say that what we want is everything and what is more we want it now.

"If we try that line, then the Government will fall. To do everything at once is a certain recipe for disaster."

Mr. Callaghan said that as a result of the TUC's endorsement of the pay deal the rate of inflation would go down until by the end of next year it would be no greater than that of Britain's major competitors.

"We have not been able to say that for a very long time. Prices do not go down but they will rise much more gradually as a result.

"I believe that the trade unions have taken a decision that is going to be the most tremendous help to all of us."

The Government had not "cut" public expenditure. Over the past three years it had increased by 20 per cent., while the national income had increased by only 2 per cent.

*The difference had had to be* paid by higher taxes and by borrowing.

# Petrol expected to go up 2p next month

BY RHYS DAVID

MOTORISTS IN the U.K. face a petrol price rise of about 2p a gallon within a month. Though some cut-price petrol is still likely to be available, the move could mean the average cost of four-star petrol rising to 80p in many areas.

The big three petrol distributors, Shell, BP, and Esso, said yesterday that they had not yet applied to the Price Commission for increases. But it is known that applications are being drawn up and are likely to be lodged before the end of the month.

The last round of petrol price increases was in December, but the producers have been hit by the pound's drop since then of more than 20 cents against the U.S. dollar, the currency for oil payments.

According to the industry each 10 cents fall in sterling's value is equivalent to a further 1p on the price of petrol at the pumps.

After the last price increase discounting by smaller producers with access to supplies from the Continent forced the big companies to offer support to their retailers, bringing a reduction in the early months of the year.

With the market hardening, however, petrol companies were able to eliminate discounts early in May, and prices for four-star petrol are now generally in the 76p-78p range though there are fairly widespread exceptions around the country.

One factor influencing the companies is the modest growth in demand for petrol, which is likely to accelerate over the summer. The market is expected to grow some 2½ per cent. this year after declining in 1975 and 1974.

The applications when submitted are likely to be for a rise across the board, leaving the companies free to decide which products should carry the burden of increases.

# CEGB call over wavepower plan

BY DAVID FISHLOCK, SCIENCE EDITOR

CONSTRUCTION OF 1,000 MW of offshore generating capacity, using wave power, could call for a shipbuilding effort equivalent to building 60 500,000-ton supertankers, according to the Central Electricity Generating Board.

The Board claims to have mounted the largest research effort in the world on wavepower. But in April the Department of Energy had said it would be spending a further £1m. over the next five years.

Mr. Ian Glendenning and Mr. B. M. Count of the CEGB's Marchwood engineering laboratories said, in a paper presented before the Royal Society of Arts yesterday, that if satisfactory solutions could be found to the many formidable technical and engineering problems, without incurring undue increases in costs, there was "a possibility that wavepower could make a valuable contribution to Britain's energy needs."

They put the likely cost of wavepower at £400 to £800 per kW and estimated that it would be very sensitive to economies of scale.

Their views were based on theoretical studies and model tests. It would take several years to confirm its prospects and many more to develop on a commercial scale.

# Raise rate limit for grants, says Tory

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THERE IS an "excellent case" for extending the rateable value limits for all improvement grants, according to Mr. Timothy Raison, Opposition spokesman on the Environment.

Mr. Raison told the annual conference of the National Federation of Builders' and Plumbers' Merchants in Eastbourne yesterday that action was required to reverse the disastrous slump in improvement grants.

In 1973, more than 450,000 renovation grants were authorised in Great Britain, but last year the figure had dropped by two thirds to just over 150,000.

The recent Government decision to raise rateable value limits for conversion work should be extended to cover all improvement schemes.

Improvement work was of vital importance to small builders. A boost was justified in terms of preserving the housing stock and because it was labour intensive and could help to reduce unemployment, which now stood at nearly 250,000 in the building sector.

On general housing strategy, Mr. Raison said that no policy could now be credible unless it assumed, at the very least, that there could be no increase in the level of resources available.

Housing policies could and would have to fit within this overriding constraint.

"I fully accept that our economic policies might lead to short term problems for some sections of the construction industry.

"We will do our utmost to ensure that public spending cuts are concentrated on nationalisation schemes and transfer payments but some cuts in capital spending are also likely.

"In the medium and long term, however, lower inflation and lower interest rates will lead to a far healthier economy and to far more industrial and commercial investment.

"This will mean a greater and, crucially, a more stable workload for the industry which at present is too often used as an economic regulator."

# Equity bank plan likely to go ahead

By Margaret Reid

EQUITY CAPITAL for Industry, the City's controversial new "equity bank" to channel capital to companies unable to raise it on the market, has received little more than lukewarm backing, although the project now seems virtually certain to go ahead.

It was announced last night that applications from institutional investors to date for the offered £50m. of shares had totalled £36m., which exceeds the overall minimum of £30m. required for the scheme to proceed.

However, in two sectors—investment trusts and unit trusts—the response has not as yet quite reached the level of 60 per cent. of the available shares which must be achieved if the whole enterprise is to be launched.

The shortfall in these instances is small, and a spokesman for Hill Samuel, one of the three merchant banks managing the issue, said last night: "We are really 100 per cent. confident that we shall reach the minimum in each case."

# Overspill homes plea by MP

MR. ELDON GRIFFITHS, Tory MP for Bury St. Edmunds, yesterday called for empty London overspill homes to be offered for sale to British families before being leased to U.S. servicemen.

# Commercial motor sales improve

BY OUR INDUSTRIAL STAFF

COMMERCIAL VEHICLE sales in the U.K. continued to improve last month from extremely depressed levels earlier in the year.

Total new registrations, at 18,631, were still 5.5 per cent. down on 12 months before, while imports increased their market share from 10.55 per cent. to 13.54 per cent.

Figures released to-day by the Society of Motor Manufacturers and Traders show that the Japanese company, Datsun, has made a dramatic entry in the light section of the U.K. market —Datsun sales in the van and pickups sector rose from only three in the first five months of 1975 to 1,347 in the corresponding period this year to make the company the third largest importer.

Toyota and Mazda both recorded lower sales and reduced market shares in the first five months.

Ford and British Leyland were market leaders both last month and the first five months of this year, with about 30 per cent. of all sales.

PARLIAMENT

Talks planned with Kissinger

# Rhodesia: Crosland warns on risk of bloodshed

BY JOHN HUNT

A WARNING that the Rhodesian situation could lead to a bloody conflagration bringing the Soviet Union and Cuba into conflict with the United States in southern Africa, was given in the Commons yesterday by Mr. Anthony Crosland, the Foreign Secretary.

In the strongest terms he has yet used on the Rhodesian crisis, he forecast that such a confrontation might occur unless the Smith regime moves rapidly towards majority rule.

Mr. Crosland also made it clear that he does not believe that any lessening of tension in Rhodesia will result from the report of the Rhodesian Government Commission, published on Monday, which advocates a greater degree of racial equality. He dismissed it as "irrelevant to the realities of the present situation."

Mr. Crosland told the House he will be having a meeting on Monday with Dr. Henry Kissinger, the U.S. Secretary of State, before Dr. Kissinger meets Mr. Vorster, the South African Prime Minister, and again on Friday after the meeting.

It was his intention to have a close and detailed inquisition on what had taken place at the meeting and to find out whether there had been any shift in the South African position in this "extraordinarily tricky situation."

The Foreign Secretary faced pressure from the Tories to take a new initiative on Rhodesia and not to leave all the running to Dr. Kissinger. But he rejected this and firmly stood by Mr. Callaghan's statement of March 22 that there should be no further gesture from Britain until the Smith regime gives a clear indication that it would move towards majority rule within a period of about two years.

He told the House that it was only too horribly clear that if the principle of majority rule was not conceded, then guerilla warfare in Rhodesia would escalate. The Nationalist guerillas would then seek support from outside Africa.

They would first turn for that support towards Cuba and the Soviet Union and, if that occurred, the United States would intervene on the other side. Then the prospect "of the most bloody conflagration in southern Africa" would be desperately evident.

He said the situation continued to give cause for grave concern and the prospects for a negotiated settlement without further bloodshed were obviously receding.

Nevertheless, he had not given up hope that the European minority would understand the realities of the situation and the need to negotiate in good faith with the African nationalists on the basis laid down by Mr. Callaghan.

Mr. John Biggs-Davison (C. Epping Forest) reminded him that Mr. Harry Oppenheimer, the South African industrialist had said Parliamentary Government was better than a majority rule which led to dictatorship. He suggested that the Government should keep that in mind.

Mr. Crosland told him that the realities and the morality of the situation demanded that the principle of majority rule should be conceded quickly. "The plain fact is that if it is not conceded, the prospect for peace in Southern Africa is desperately bleak," he added.

Mr. Reginald Maudling, shadow Foreign Secretary, asked him if he was really content in the present situation to leave any new initiative to Dr. Kissinger.

The Foreign Secretary replied that the British Government stood by Mr. Callaghan's statement of March 22. Until these pre-conditions were met, he did not believe that there would be any sense in supporting a new programme of initiatives.

Tory MPs reminded him that Mr. Garfield Todd, now released in Rhodesia, had said that a peaceful solution required the encouragement of the Western world, led by Britain.

Mr. Crosland said that he had read the statement. But he emphasised once more that until there was a clear sign of a major move towards majority rule, any new initiative from Britain would be "a total waste of time."

Enlarging on Mr. Callaghan's suggestion of a two-year period, he said that during that time there should be an acceptance of the principle of majority rule and the holding of elections for majority rule.

"Nobody has suggested that within the two years the whole of the existing administration should be totally dismantled. It is the hope of the Government and of the African leaders that as many of the present white Rhodesians as possible would stay behind in order to help the new regime."

# New Town house sales call by Tories

TORY MPs yesterday pressed the Government to give New Town tenants a legal right to buy houses they have rented for three years.

The proposal was made by the Opposition during the report stage in the Commons of the New Towns (Amendment) Bill, which authorises the transfer of housing assets and responsibility for housing from New Town Corporations to district councils.

Mr. Timothy Raison, shadow Environment Secretary, said Conseravtives wanted this right for all council tenants, but it should be put in the present Bill for New Town householders as part of that objective.

Last month, the Government said they would discuss housing with New Town chairmen and re-examine sales policy where housing lists had been shortened.

Mr. Raison yesterday told MPs that the Government claim that the sale of New Town houses meant longer waiting lists was a fallacy. It was not true that the ban on sales had reduced waiting lists.

Emphasising the merit of allowing tenants to buy their homes, he said: "We need to get away from the excessively monolithic pattern of public ownership in New Towns and achieve a more varied form of tenure."

Mr. Stan Newens (Lab., Harlow) contended that sales must diminish the number of offers of rented accommodation to people in need.

For the Liberals, Mr. Stephen Ross said council tenants should be encouraged to by buy their homes, as waiting lists in most New Towns were short. Grants should also be made to encourage tenants to buy private houses.

Mr. John Silkin, Minister for Planning and Local Government, said that rules for the purchase of houses from a public authority could not be put in a Bill in a rigid doctrinaire fashion. They could be included in a circular or regulation.

Proceeds from any sales of new town houses should be used to help the needy—the disabled and one-parent families who also rented new town houses.

Certain new towns would be ablye to sell their houses, and others would not, in accordance with an agreement with the New Towns chairman. He would be meeting the chairman to consult about what conditions should be met.

# Coggan fails to sway Government on need for families Minister

THE APPOINTMENT of a Minister for the Family to see that Government policies and the law did not weaken family life was urged by the Archbishop of Canterbury, Dr. Donald Coggan, in the Lords yesterday.

His suggestion was rejected by Lord Elwyn-Jones, Lord Chancellor, who said be was not sure what widespread political function such a Minister could perform.

Speaking in a debate, which he had initiated drawing attention to the continuing importance of the family, Dr. Coggan said: "We have a Minister for Sport, a Minister for this, that and the other, but no Minister for the Family."

The Minister's task would be to keep constantly abreast of facts relating to the family; to study the impact of the Government's social and other policies, including regional employment policies, to ensure that, in practice, they did not work against the best interests of families; and to watch the progress of legislation.

Dr. Coggan said that the Minister would find himself facing evidence that divorce was far too easy and often unfair on the husband who found that, after his wife had walked out, he had to sell his house to provide for his children.

"Such a Minister would have to consider seriously the value of some kind of service for young people who would otherwise be unemployed.

"I refer not to military service but to something parallel to it such as was employed by the Government in Iran in reducing their illiteracy rate. Young people were allowed to spend the major part of their military service in educational work, to the great benefit of their country."

"Such a Minister would cast a highly critical eye on the abortion laws, as they now obtain, and on the laws which govern the sale of pornographic literature, or the showing of films, the advertisements which degrade our London streets and those of other cities.

"Such a Minister would watch the legislation which affects the teaching of religion in schools, fully aware of the inadequacies of much that has passed for this in recent years and also of the fact that lessons in comparative religions can never take the place of systematic and intelligent teaching of Christianity and its ethical relevance to life.

"And lastly, such a Minister would show himself aware of the ill-effects on society when its structure became two-tier rather than three-tier. By that I mean when society is so ordered that grandparents are separated from grandchildren and the only family influence on the young is that of their parents."

Dr. Coggan said many marriages got off to a bad start because newly-married couples had no home of their own.

"It is still the case that there are grievously bad housing conditions in certain areas, conditions which so far from improving as years go by, only worsen and constitute a disgrace to our society.

"It is, I think, an undoubted fact that the proportion of divorces is greater among those who marry very early than among any other age-group."

DR. DONALD COGGAN
"Sex trivialisation too prevalent in society."

## Consent

Marriage called for maturity of mind and spirit. Lack of that frequently led to rapid breakdown in the marriage relationship, and sometimes to that exasperation of spirit which led to wife-battering or baby-battering.

Wife battering was a newly-recognised feature of our society. First estimates would point to a figure in the region of 25,000 a year. It constituted a grave social problem in itself.

Perhaps the factor above all others which led to the breakdown of marriage and of the security of the home was that trivialisation of the sexual which was all too prevalent in our present society.

Dealing with some of the "menaces" of which he spoke, Dr. Coggan said: "When I use the phrase the trivialisation of the sexual, I do so out of the conviction that sex is to be regarded as a gift of immense value and joy, to be treated with responsibility and reverence."

To lower the age of consent would not be kindness to the young but an act of the greatest cruelty. To use the powerful media to stimulate the idea that to be "with it" you must throw over the wisdom of the ages, and that material things mattered more than cultural and moral values, was to strike a blow for the undermining of the health of society.

Lord Elwyn-Jones said he must "part company" with Dr. Coggan about the suggestion that there should be a Minister for the Family. This was largely because he was not sure what widespread practical function such a Minister could perform. It would not be justifiable to create such a new Ministry.

But the Lord Chancellor assured peers that the interests of the family were very much borne in mind by the Government when it was drafting legislation.

Lord Elwyn-Jones said the recent rise in divorce cases could not be disputed. "But it does not follow from those figures that it is the new divorce law that has caused the increase of marital failure for marriage break-ups.

"The dissolution of one unhappy family may lead and, indeed, often does, to the creation of one or more happy families in its stead. I don't believe it would be an improvement to retain the old law of the matrimonial offence."

## Display

"That would indeed be marching backwards and I do not believe it would contribute to the stability of family life."

On possible changes in the law of sexual offences, the Lord Chancellor said there was a widespread impression that the Government was planning the introduction of legislation to relax the law of incest and reduce the age of consent for sexual intercourse. "I must make it plain, this is not so."

On obsenity, he said that Government shared the general concern and disquiet about indecent display, particularly on matters likely to fall into children's hands. "I would welcome an early and workable solution to this problem."

After commenting on the Archbish's suggestion that there should be a Minister for the Family, Lord Elwyn-Jones went on: "Effort is needed by every family and every citizen and the call that has been made to-day is a call to the nation as a whole."

The Government welcomed this debate and would take careful note of the views expressed in it. "I hope that for my own part, I have made it clear that I believe passionately in the importance of the family. I believe it has come to stay."

LIBERAL CONTENDERS: DAVID STEEL

# Skill and persistence behind boyish looks

BY RICHARD EVANS, LOBBY EDITOR

THE STYLE of Mr. David Steel's challenge for the leadership of the Liberals reveals a lot about the man. He is deliberately pitching his campaign far beyond party activists towards the mass of voters in the country who have lost interest in politics and might be persuaded to join a party under moderate but constructive leadership.

It promises to be a low-key campaign in notable contrast to that of his rival, Mr. John Pardoe, who has roared away from the starting blocks with flamboyant promises to wreck the present political system by pouring scorn on democratic institutions.

Inevitably, the fight will be seen to some extent as a struggle between a boyish-looking David and an abrasive Goliath.

But although Mr Steel seems determined to be regarded as the "Mr. Clean" of the three-week campaign, he has already shown his ability to hurl the occasional stone under the Pardoe guard. "The Japanese, towards the end of the war, used Kamikaze pilots who showed flamboyance and great courage and, although they inflicted some damage in the end, they proved to be futile," he said yesterday.

Despite his youthful looks—at 27 he was the youngest MP at Westminster when elected for Roxburgh, Selkirk and Peebles in a 1965 by-election—Mr. Steel is probably the most professional full-time politician in the Liberal Party. His style is modest, his voice quiet, but his relaxed manner and the diffident smile are deceptive. If the gloves come off in the leadership battle, he will give as good as he gets.

He proved himself a formidable political fighter by piloting through the controversial abortion law reform measure in 1967 when after drawing a high place in the ballot he could easily have chosen a minor, non-contentious reform. Instead, he chose the hard path and enhanced his reputation by his skill and persistence.

He also showed courage in his border constituency with forthright opposition to the South African Rugby tour in 1970—an attitude that spelled danger in an area where Rugby is followed with religious zeal. He almost paid the penalty when his majority slumped to 550 in the 1970 election. His current majority is a relatively safe 7,433, the largest of any Liberal MP.

Mr. David Steel: a full-time professional.

But in their choice of leader, the Liberals will presumably look for more than ardour and high principles, and there are some question marks still hanging over him from his political past.

He offended many Liberals in the aftermath of the 1970 election debacle by urging the party to concentrate on fighting seats where it stood a chance rather than adopt the Pardoe line of a broad front to maximise the Liberal vote. At the time, with morale low, this smacked to some of defeatism.

He antagonised others two years ago by arguing that the Liberals should be ready to join a coalition and he still maintains this stance. "I think the party should agree it is possible that we might at some stage have to enter into a coalition," he said yesterday. "But I see no prospect of a coalition at present nor do I think it should be part of our platform."

What the party should do was keep an open mind and accept the possibility if it was of benefit to the Liberal Party.

Perhaps the most potentially damaging blow to Mr. Steel's leadership prospects was the news last month that he had been offered the chairmanship of the Race Relations Board and had refused it, not because of his political ambitions but because it would entail moving from his home at Ettrick Bridge in his constituency.

For the same reason, he was said to have had some doubts about standing for the leadership although these have been firmly despatched.

He still bases his life very much in his border constituency rather than in London and has not contemplated moving his wife and three children south.

He is very much the product of the Scottish middle class, the son of a Church of Scotland Minister who was recently Moderator of the Church of Scotland. He went to an Edinburgh primary school, spent part of his childhood in Kenya and was later educated at George Watson's College and Edinburgh University, where he entered student politics and became president of the Liberal Club.

He worked for the Scottish Liberal Party as an assistant secretary and for the BBC in Scotland as a television reporter before entering Parliament. His technique as an eloquent and persuasive TV performer, which showed to good effect in the referendum campaign as well as in recent elections, remains one of his strongest assets

He will put it to maximum use in the next three weeks when he visits every region of England as well as Scotland and Wales, appearing at party meetings and in television interviews to further his bid for the leadership

Had the leadership election been under the old rules, when the choice was made by MPs, there is little doubt that Mr. Steel would have won, but the radical widening of the franchise to take in the party membership makes the contest a tantalisingly open one.

# Plea for moderation by both sides

At a Westminster press conference yesterday, Mr. Steel opened his campaign with a plea for moderation by both sides.

While be accepted party members would show loyalty to individual candidates, they must put loyalty to the party first. "We must be careful not to conduct a campaign that results in bitterness."

Mr. Steel did not regard victory as in the bag. "I think I will win but I do not take it for granted There is a lot of work to be done."

During the conference, he was flanked by his Parliamentary supporters Mr. Clement Freud, Mr. Emlyn Hooson, Mr. Alan Beith, Mr. Stephen Ross and Mr. Geraint Howells.

He announced that since nominations had closed, he had also had pledges of support from four peers and former Liberal MPs Lord Wade, Lord Avebury, Lord Winstanley and Lord Mackie.

# House of Lords survives Skinner's assault

AN ATTEMPT to bring in legislation to abolish the House of Lords failed in the Commons yesterday despite Labour MP Mr. Dennis Skinner's claim that it had "no place in modern society."

Voting was 168-153 against Mr. Skinner — labelled by Mr. Nicholas Ridley (C., Cirencester and Tewkesbury) as a future Lord Clay Cross.

But the Bolsover MP had earlier won Labour cheers when he described Tory peers as Mrs. Thatcher's "bovver boys in ermine."

"The House of Lords is nothing more than a Tory long stop, and when the Lady in Red Chiffon has difficulty in getting or stopping legislation in this House, she instructs her bovver boys in ermine to put the boot in," he declared.

Mr Skinner called on Nationalist MPs, Irish MPs and Liberals to back him. Young Liberals would be most interested to find out where the candidates for their party leadership stood on this issue, he suggested.

There was laughter as Mr. Skinner said that the National Union of Mineworkers had passed a resolution in favour of abolition "notwithstanding the fact there might be some of the NUM who might like to get there."

He complained that when a Tory Government was in office, the Lords did no more than "cross the ts and dot the is" on its legislaton,i whereas when Labour legislation was involved, the Government had to threaten the Parliament Act to get it through.

Mr. Skinner said the Establishment was strongly represented. "The Big Four banks have 21 lords representing them, the other banks have 23, insurance companies have 28, and the top 50 private companies have another 25."

There was laughter from all sides of the House as Mr. Skinner added that the Daily Mirror had a few as well.

"There is a borde of people who are representative of those in the very highest elite of our socety and very, very few from the strata of society that, by and large, has to provide the wealth of this country—those 25 billion who work by hand and brain."

Of the 1,100 peers, 432 had been to Eton and 255 to other public schools. "There is no wonder that they voted to keep fee-paying grammar schools," he declared.

Mr. Skinner said he had no doubt that the Lords would do its best to defeat the Aircraft and Shipbuldng Industries Bill. "There will be no fancy arguments about ship and rigs and hybrids. They will need no technical arguments to reject the Bill and the same will apply to pay beds."

Describing the Lords as a "reactionary and backward institution," Mr. Skinner pointed out that even though Sir Harold Wilson had created more life peers than any other Prime Minister in history—close on 200—it was still difficult for the Labour Party to find 100 peers to support it in the lobbies.

Mr. Ridley said that Mr. Skinner might have been piqued by the recent strengthening of the Lords by Sir Harold Wilson's "physician, publisher, butcher, baker, and mackintosh maker."

Mr. Skinner had already voted for an extension of the hereditary principle in agricultural tenancies and the Dockwork Regulation Bill. His entry in "Who's who," which said he came "of good working class mining stock," was another good example of the hereditary principle.

Mr. Ridley said the Lords had a fundamental role as protector of the constitution, and the real crunch would come if the Labour Party tried to rig the rules. Already, there was a committee looking into ways of removing the Queen's right to dissolve Parliament if the Government could not get a maiority and now they were trying to take away "our only protection for free elections."

BANK OF ENGLAND BULLETIN . . .

# Investment of oil funds surplus drops $400m.

BY MICHAEL BLANDEN

INVESTMENT of oil surplus funds in London dropped in the first quarter of this year, according to the latest estimates published by the Bank of England.

The fall of $400m. stemmed entirely from a withdrawal of sterling deposits from U.K. banks. Holdings of gilt-edged stocks and Treasury bills were little changed.

Overall, the Bank estimates that surplus funds available to the oil-exporting countries fell significantly from $8.2bn. in the last three months of last year to $6.7bn. in January-March this year. Since total oil revenues rose, this suggests that the oil-exporting countries again increased their imports.

The importance of sterling as a medium for oil payments was again cut, with the percentage paid in sterling down to 6 per cent. in the first quarter against over 9 per cent. in October-December last year.

Foreign currency deposits with the U.K. banks showed a slight fall of $100m. after the large rise of $1.8bn. in the previous quarter.

**ESTIMATED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES**

Despite a further increase in oil revenues in the first quarter, the total surplus was smaller, with comparatively little added to reserves.

$ billions

| | Year 1974 | 1975 Year | 1975 1st qtr | 1975 2nd qtr | 1975 3rd qtr | 1975 4th qtr | 1976 1st qtr (provisional) |
|---|---|---|---|---|---|---|---|
| **United Kingdom** | | | | | | | |
| British government stocks | 0.9 | 0.4 | 0.2 | 0.1 | — | 0.1 | 0.1 |
| Treasury bills | 2.7 | —0.9 | 0.5 | —0.3 | —0.9 | —0.2 | —0.1 |
| Sterling deposits | 1.7 | 0.2 | 0.1 | —0.2 | 0.3 | — | —0.4 |
| Other sterling investments[a] | 0.7 | 0.3 | — | 0.1 | 0.1 | 0.1 | 0.1 |
| Foreign currency deposits | 13.8 | 4.1 | 1.8 | 0.3 | 0.2 | 1.8 | —0.1 |
| Other foreign currency borrowing | 1.2 | 0.2 | — | 0.2 | — | — | — |
| | 21.0 | 4.3 | 2.6 | 0.2 | —0.3 | 1.8 | —0.4 |
| **United States** | | | | | | | |
| Government and agency securities | 6.0 | 3.4 | 0.8 | 0.9 | 0.7 | 1.0 | 0.3 |
| Bank deposits | 4.0 | 0.5 | —0.5 | —0.2 | 1.2 | — | — |
| Other[a] | 1.0 | 2.6 | 0.4 | 0.7 | 0.7 | 0.8 | 0.9 |
| | 11.0 | 6.5 | 0.7 | 1.4 | 2.6 | 1.8 | 1.2 |
| **Other countries** | | | | | | | |
| Bank deposits | 9.0 | 5.0 | 2.5 | 1.5 | —0.5 | 1.5 | 1.0 |
| Special bilateral facilities and other investments[a][b] | 11.9 | 12.4 | 1.6 | 4.6 | 3.6 | 2.6 | 3.3 |
| | 20.9 | 17.4 | 4.1 | 6.1 | 3.1 | 4.1 | 4.3 |
| International organisations | 3.5 | 4.0 | 1.5 | 0.6 | 1.4 | 0.5 | 1.6 |
| Total | 56.4 | 32.2 | 8.9 | 8.3 | 6.8 | 8.2 | 6.7 |

[a] Includes holdings of equities and property etc.
[b] Includes loans to developing countries.

# £ fall cuts 'surplus' balance

A SHARP rise in official borrowing abroad, partly reflecting the drop in the value of the pound, brought a reduction in the U.K.'s balance sheet "surplus" last year, writes Michael Blanden.

At the end of last year the value of identified external assets exceeded the value of liabilities by £1.76bn. compared with £3.07bn. 12 months before.

The drop of about £1.3bn., the Bank of England comments in this month's quarterly Bulletin, compares with the current account balance of payments deficit of £1.7bn. during the year. But any relationship was largely coincidental, because of differences in the way in which the two figures were measured.

Subject to the limitations of the estimates involved, the Bank shows that the drop in the U.K.'s net assets was more than accounted for by a rise of about £1.75bn. in the public sector's net external liabilities. This was partly counter-balanced by an estimated £450m. rise in the private sector's net external assets.

The main factor in the public sector was the increase in "official financing liabilities," partly as a result of new borrowing abroad but also because the depreciation of the pound increased the sterling value of foreign currency liabilities.

In total, these liabilities exceeded the official reserves by £1.67bn. at the end of last year, compared with a modest surplus of £20m. in the previous year. On one side, the reserves fell by over £250m. to £2.7bn.; on the other, liabilities rose by £1.43bn. to £4.37bn.

The final drawing on the Government's £2.5bn. Euro currency loan added some £425m. to liabilities; but by the end of the year the sterling value of this borrowing had risen by £800m.

Similarly, net new borrowing by the rest of the public sector (all by public corporations) totalled some £400m. during the year; but the sterling value of outstanding liabilities rose by over £800m.

Apart from these movements the other external liabilities of the public sector showed little change at £4.2bn. after a rise of over £500m. in 1974.

In the private sector, the rise of £450m. in net external assets was a sharp reversal of the £2.2bn. decline recorded in the previous year.

**NET EXTERNAL ASSETS/LIABILITIES**

| £m. | End-1974 | End-1975 |
|---|---|---|
| Investment | 8,680 | 9,305 |
| Banking and commercial | —1,505 | —1,680 |
| Net external assets of the private sector | 7,175 | 7,625 |
| Public sector (other than reserves and other official financing) | —4,130 | —4,200 |
| Reserves and other official financing | 20 | —1,665 |
| Net external liabilities of the public sector | —4,110 | —5,865 |
| Net external assets of the United Kingdom | 3,065 | 1,760 |

... BANK OF ENGLAND BULLETIN

# Lower profit range checked investors

BY MICHAEL BLANDEN

A DROP in the relative profitability of industry from 1971 to 1974 was one of the main factors which held back new investment, it is suggested in a special article in the latest Bank of England Bulletin.

The article concludes—rather sweepingly—that "it is clear that a recovery of profitability could not fail to stimulate investment—both by affecting the comparison with the cost of finance, and by reducing or eliminating the importance of the other factors discussed."

A measure of the real overall post-tax cost of capital to industry calculated by the authors* shows a substantial decline in the 1960s from nearly 9 per cent. to around 4 per cent. a year.

The cost of capital then remained relatively stable up to 1971. But the cost then turned up again to reach an estimated 8.9 per cent. in 1975.

## Earnings

At the same time, the return earned by companies after tax on their physical capital (as shown in a previous article in the last Bulletin) continued to fall until 1974. This "would be one way of explaining the low volume of investment in recent years."

The authors also identify other factors which have tended to deter investment. These include the fall in profits which has deprived companies of (cheaper) internal finance; the effect of inflation in substantially raising nominal interest charges; and the fact that insufficient profits are preventing many companies from taking full advantage of investment incentives in the form of tax reliefs.

The main purpose of the article is to arrive at a comprehensive measure of the cost of capital to commercial and industrial companies. It points out that using long-term interest rates to indicate the cost of capital is less effective during inflation, particularly when inflation rates are uncertain.

## Advantages

The authors therefore attempt to measure the general cost of capital to a company, including both equity finance and borrowing. This, they say, has two advantages.

It combines the cost of the two major elements of company finance, and to the extent that the relative attractions of the two forms of finance is affected by inflation, it balances out the distortions.

The figure is arrived at by calculating the "financial valuation" of all industrial and commercial companies by relating annual dividend and interest payments to the yields given by the appropriate Financial Times index. The effective cost of capital is then worked out by relating the net earnings of companies to the "financial valuation."

The estimates are no more than "broad approximations." But they "should be a better guide to the cost of capital than nominal or real interest rates or equity yields."

A striking feature of their results is the smallness of the changes from year to year in their figures, in contrast with the wide fluctuations shown by interest rates and equity yields.

The article then considers relative profitability, defined as the ratio of the rate of return on physical capital to the cost of capital. This shows a decline in the 1970s.

Relative profitability it points out, is in fact simply (on their definition) the ratio of the financial valuation of companies, which reflects cyclical movements in the stock market, to the tax-adjusted replacement cost of capital.

This "valuation ratio," though fluctuating more over the economic cycle, shows a clear downward trend, which has accelerated in recent years.

## Pressures

"By 1975 the financial valuation of companies' earnings on their physical capital was only around half the cost of replacing those assets with similar (part-worn) assets"—suggesting that a company would be better off using its funds to buy another company than investing in new plant.

The authors suggest that the similarity between movements in this ratio and the level of investment suggests a relationship. Further research is being carried out to determine how far the valuation ratio may explain the movements in investment.

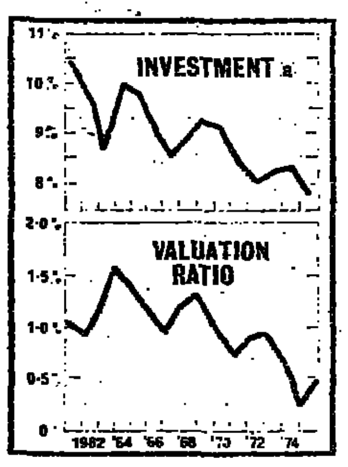
Other factors have been important. Companies may in fact prefer internal sources of finance to external, for taxation as well as personal reasons. And the growing pressure on companies' real earnings has led to a recent shortage of internal sources of finance.

There has also been pressure on cash flows, resulting from the growth of interest payments from 13 per cent. of pre-tax real profits in 1959 to 87 per cent. in 1974.

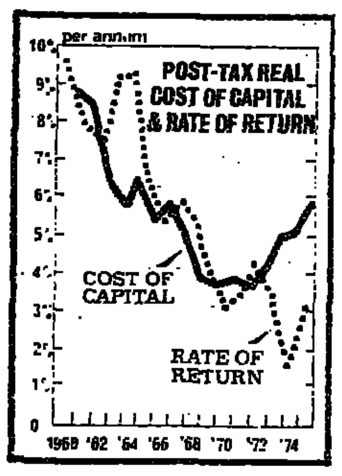
Companies' "income-gearing," measured by the ratio of interest payments to profits on this definition, rose six-fold over the period. And companies have tended, in a period of uncertainty about future inflation rates, to borrow short rather than long relying on rolling the loans over.

"Because the availability and cost of this future borrowing are uncertain, this has almost certainly deterred investment."

Finally, the high level of nominal interest rates creates another problem tending to depress investment by raising the deductions which a company can make against profits for tax purposes where the profits may not be available to take full advantage of the benefits.




(a) Industrial and commercial companies' gross domestic fixed-capital formation as a percentage of capital stock (at replacement cost).




# 'A mix-up started sterling crisis'

By Peter Riddell, Economics Correspondent

THE BANK of England's view of how the sterling crisis developed during March and April, also given in the Bulletin, confirms that the authorities were reluctant to see any "significant" appreciation of the pound above the $2.02 rate of early March which might prove unsustainable.

So, when a "substantial but short-lived demand" for sterling appeared in the later morning and early afternoon of March 4, this was met by the authorities.

"By mid-afternoon of that day, however, the dollar was strengthening sharply, and against that abrupt turnround, the authorities' sales of sterling earlier in the day were misinterpreted by the market," the Bulletin says. The pound then fell below $2.00 and dropped a further 9 cents in the following ten days before stabilising.

## Other factors

Although the Bank's account goes much further than has been revealed before, it is unlikely to be regarded as definitive since there were a number of other influences, including the attitude of the Treasury—as well as the quarter point drop in MLR on March 5 (this is mentioned elsewhere in the Bulletin).

Throughout the period of pressure in the spring, markets appeared thin, but the Bank points out that "this appearance was superficial.

"After the initial movement of sterling in early March the markets were largely one-way; intervention by the authorities as buyers of sterling, to test the market and to ensure that movements in the rate did not over-represent the volume of business, brought out each time a considerable weight of selling.

## Balances

"The amount of intervention indicated the authorities' view that the adjustment of the rate had gone too far."

The Bulletin also indicates the limited extent of the rundown in official and private sterling balances during the first quarter this year, though there may have been a larger drop since the end of March.

The figures show that official sterling balances fell by £86m. to £4.02bn., compared with a peak of £4.86bn. at the end of March last year.

## U.K. ECONOMIC INDICATORS

| | | | | | |
|---|---|---|---|---|---|
| | 1976 | | | 1975 | |
| General | May | Apr. | Mar. | May | Apr. |
| Unemployed ('000s)¶ | 1,271.8 | 1,281.1 | 1,284.9 | 858.3 | 899.7 |
| Unfilled vacancies ('000s) | 124.4 | 119.7 | 109.0 | 164.1 | 173.4 |
| Currency reserves ($bn.) | 5.423 | 4.848 | 5.905 | 6.491 | 7.132 |
| Bank advances (£bn.) | 14.309 | 14.196 | 14.080 | n.a. | n.a. |
| Basic materials (1970=100)d | 290.7 | 285.1 | 273.8 | 226.2 | 222.9 |
| Manfd. prods. (1970=100)d | 214.6 | 211.4 | 208.5 | 187.3 | 182.5 |
| Terms of trade (1970=100) | 79.7 | 80.2 | 81.2 | 80.1 | 79.1 |
| Wage rates (July, 1972=100) | 209.3 | 208.6 | 206.7 | 175.4 | 169.1 |
| | Apr. | Mar. | Feb. | Apr. | Mar. |
| Retail prices (Jan., 1974=100) | 153.5 | 150.6 | 149.8 | 129.1 | 124.3 |
| Retail sales val. (1970=100)** | 195.3 | 188.3 | 189.6 | 184.4 | 166.3 |
| HP debt (£m.)¶ | 2,323 | 2,297 | 2,296 | 2,290 | 2,265 |
| | Mar. | Feb. | Jan. | Mar. | Feb. |
| Industrial output (1970=100) | 101.0 | 101.6 | 100.7 | 103.4 | 105.0 |
| | 1976 | | | 1975 | |
| Trade and Industry | May | Apr. | Jan.-May | May | Jan.-May |
| Cars ('000s)* | 122p | 104 | 116 | 68 | 112 |
| Commercial vehicles ('000s)* | 32.5p | 29.8 | 31.5 | 30.0 | 35.0 |
| Imports f.o.b. (£bn.) | 2.356 | 2.210 | 2.095 | 1.693 | 1.738 |
| Exports f.o.b. (£bn.) | 2.014 | 1.948 | 1.881 | 1.612 | 1.517 |
| Visible trade balance (£bn.) | −0.342 | −0.263 | −0.215 | −0.810 | −0.221 |
| Steel, weekly average ('000 tonnes) | 466.3 | 461.8 | 444.3 | 336.3 | 443.1 |
| | Apr. | Mar. | Jan.-Apr. | Apr. | Jan.-Apr. |
| Houses completed ('000s)¶ | 25.5 | 28.7 | 25.3 | 25.2 | 23.6 |
| Bricks (millions)* | 461 | 493 | 454 | 633 | 521 |
| Cement, weekly average ('000 tonnes) | 287 | 330 | 291.5 | 327 | 314 |
| TV sets ('000s)†† | 168 | 205 | 180 | 263 | 239 |
| Radios, radiograms ('000s)†† | 217 | 248 | 331 | 479 | 387 |
| Furniture (1970=100)†** | 149 | 158 | 158 | 161 | 152 |
| | Mar. | Feb. | Jan.-Mar. | Mar. | Jan.-Mar. |
| Hosiery (1970=100)** | 81 | 90 | 86 | 89 | 92 |
| Man-made fibres (m. kgs.)* | 54.1 | 52.3 | 53.3 | 44.3 | 43.0 |
| Petroleum (m. tonnes)† | 8.005p | 7.413 | 7.517 | 7.22 | 7.58 |
| Electric cookers ('000s)f† | 70.4 | 88.0 | 73.5 | 75.2 | 77.5 |
| Washing machines ('000s)† | 74.7 | 96.2 | 80.3 | 91.8 | 87.2 |
| | Feb. | Jan. | Jan.-Feb. | Feb. | Jan.-Feb. |
| Machine tools (£m.)‡ | 27.8 | 27.2 | 27.5 | 27.2 | 24.7 |
| Raw cotton, weekly average ('000 metric tonnes) | 2.37 | 2.39 | 2.38 | 2.13 | 1.98 |
| Raw wools (m. kilos) | 9.6 | 10.0 | 9.8 | 9.1 | 9.0 |
| Engineering, orders on hand (1970=100)** | 96 | 97 | 96.5 | 122 | 123.5 |
| | 1976 | 1975 | | | 1974 |
| | 1st qtr. | 4th qtr. | 1st qtr. | Year | Year |
| Consumer spending (£bn., 1970 values) | 8,870g | 8,804 | 9,041 | 35,413 | 35,807 |
| Motor trade turnover (1972=100) | 165 | 133 | 137 | 142.2 | 119.2 |
| Building and civil engineering (£bn.)c | 3.018g | 2.988 | 2.644 | 11.610 | 10.220 |

* Production. † Deliveries. ‡ Net sales. § Consumption. ** Seasonally adjusted. †† All manufacturing industries. ‖ Excluding car radios. ‡‡ Deliveries, U.K. made and imported sets. b From May, 1975, onwards new basis of calculation refers to advances to U.K. public and private sector. Historic figures on new basis not available. d Prices. f Including cooker griller toasters. c Value of output. ¶ United Kingdom, not seasonally adjusted. g First preliminary estimate. p Provisional figures.

APPOINTMENTS

# Executive posts at new Plessey company

The Board of the Plessey Group's new product subsidiary PLESSEY ELECTRONIC SYSTEMS, will be: chairman Mr. Michael Clark (who is also a deputy chief executive of the Plessey Group); deputy chairman, Mr. Peter Bates (presently managing director, Plessey Radar); managing director and chief executive, Mr. Frank Chorley (presently managing director, Plessey Avionics and Communications); and Mr. Geoffrey Wellburn (divisional managing director, Plessey Marine).

★

MONOPOLIES AND MERGERS COMMISSION. The following members have been re-appointed for a further three years when their present term expires on June 30: Mr. G. F. Ashford, previously managing director, BP Company; Sir Dallas Bernard, a director, Morgan Grenfell Holdings; Dr. F. E. Jones, chairman, EDC for Mechanical Engineering, and a director, Phillips Industries; Mr. R. G. Opie, Fellow and Lecturer in Economics, New College, Oxford; Mr. S. A. Robinson, previously general president of the National Union of Boot and Shoe Operatives; Mr. J. S. Sadler, finance director, John Lewis Partnership; Miss Rita Stephen, executive secretary, Association of Professional, Executive, Clerical and Computer Staff; and Professor H. Street, Professor of English Law, Manchester University.

★

Mr. H. L. Andrews, who has been appointed director of personnel, PROCTOR AND GAMBLE, was previously manager of employee relations with Proctor and Gamble GmbH in Germany. He succeeds Mr. R. M. Brams, who is taking up a senior appointment at the company's European Common Market headquarters in Brussels.

★

Mr. Hamish Inglis, managing director of Ushers Brewery, has been appointed a director of LORIMER AND CLARK.

★

ST. MARTINS PROPERTY CORPORATION: Mr. R. G. Clark has been appointed executive director—property; Mr. P. A. Lorden, executive director—Australia; Mr. G. R. Muir, executive director—finance and accounts; Mr. W. E. Renwick, executive director—Northern; and Mr. J. S. Stringer, executive director—administration.

★

Mr. R. J. Foster has been appointed chief commercial officer in the group staff office of BOC INTERNATIONAL. He will be primarily responsible for the group's investments in East Africa, Nigeria, Zambia and Pakistan. Mr. Foster was previously with BOC from 1950 to 1968, during which time he held a number of senior appointments, latterly as chief executive of the then overseas division. He left to become marketing director and subsequently group managing director of Henry Sykes.

★

Mr. C. J. Harrington has been appointed chief development chemist (specialities) of CASTROL in succession to Mr. R. A. C. Ker, who has left the company. Mr. R. W. Sedgley has been made quality control supervisor and has been succeeded by Mr. A. E. Williams as superintendent of the customer service laboratory at Ellesmere Port. Mr. Donald Wilson becomes Mr. Williams' deputy.

★

Mr. Robert Ix has been appointed a director of CADBURY SCHWEPPES. Mr. Ix became vice-president, marketing, for Schweppes (USA) in 1966 and president two years later. He was appointed chairman of the North American Group of Cadbury Schweppes last December.

★

Mr. Anthony Parker, who was with the Bank of England for 25 years until 1973, has joined the Board of the WEST OF ENGLAND TRUST. Mr. Parker went to Uganda in 1965 as part of a three-man team sent to help set up the Bank of Uganda—the Central Bank—with particular responsibility for staffing, training and establishing an effective exchange control department. After initially being appointed foreign exchange controller, he became its first head of department. From 1968 to 1971, Mr. Parker was in Bermuda as controller of foreign exchange. He was also the first managing director of the Bermuda Monetary Authority, and is international consultant to the Bank of Bermuda. He has been a director of Tyndall and Co., the banking subsidiary of West of England Trust, for about two years.

★

Mr. P. G. Brackley has been appointed general manager of BP's refineries department from July 1. He succeeds Dr. W. J. Darch, who will take up the appointment of president of Alyeska Pipeline Service Company, in Anchorage, Alaska, on the same date. Mr. Brackley has been general manager of BP's environmental control centre since 1974. He was recently elected chairman of Stichting Concawe, the oil industry's organisation for the conservation of clean air and water in Western Europe.

★

Mr. Bill Fawley has been appointed deputy managing director of UNIT CONSTRUCTION CO., and Alfred Booth company. Mr. Fawley joined Unit in 1963 and became construction director in January, 1975.

★

Mr. Patrick J. Lloyd has been appointed a director of the WINE DEVELOPMENT BOARD. Joint managing director of Gilbey Vinters and Morgan, Furze and Co. Mr. Lloyd is a previous chairman of Watney Mann (West).

★

Mr. Alan Richardson, managing director of Landor Cartons, has been appointed a director of DAVIDSON RADCLIFFE, the parent company.

★

Mr. M. D. Corbett has become group financial director of P. J. CARROLL AND CO. He was head of its financial department from 1959 to 1971 and was a director of the company from 1967 to 1973. He rejoined the Board in December, 1975.

# ACCOUNTANCY APPOINTMENTS





























هكذا من الأصل

# GENERAL APPOINTMENTS

## Corporate Finance—Banking

INTERNATIONAL ENERGY BANK LIMITED

now wishes to appoint an experienced banker to assist in the development of its interests in the petroleum sector.

This important new senior position requires sound knowledge of the euro-currency markets, combined with ability to structure and negotiate complex financing packages. Familiarity with the petroleum industry would be an advantage.

Please write enclosing a curriculum vitae in complete confidence to:—P. H. P. de Pelet, Assistant General Manager, International Energy Bank Ltd., 100 Old Broad Street, London EC2M 1BE.

## Credit Analyst

INTERNATIONAL ENERGY BANK LIMITED

is seeking to employ a Credit Analyst who will provide support for its corporate lending activities.

The successful applicant will have 2 to 3 years' previous experience of financial analysis – including preparation of cash flow projections – and will have obtained a suitable professional qualification. Please write enclosing a curriculum vitae in complete confidence to:- D. M. K. C. Jones, Credit Manager, International Energy Bank Ltd., 100 Old Broad Street, London EC2M 1BE.

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## ACCOUNTANCY APPOINTMENTS

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Price Waterhouse & Co.
P.O. BOX 164
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Duncan Ross,
Recruitment & Development Officer,
Electricity Council,
30 Millbank, London SW1P 4RD.

ELECTRICITY COUNCIL

## ROBERT FLEMING

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or telephone 01-283 2400

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invites enquiries from interested parties wishing to join their sales team.

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The successful candidate will be conversant with switching techniques.

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5 Clark's Place, London EC2N 4BJ

GENERAL APPOINTMENTS ARE CONTINUED TODAY ON THE FOLLOWING PAGE

## TUC CONFERENCE REPORT BY DAVID CHURCHILL AND CHRISTIAN TYLER

# Landslide for the pay policy

BY A majority of more than 17 to one, the TUC Congress yesterday approved a new round of wage restraint limiting increases on the national wage bill to 4½ per cent. during the 12 months from August 1.

Voting at the special Congress in Central Hall, Westminster, after less than three hours of debate was 9,262,000 for the policy and 531,000 against. About 840,000 votes—including "positive abstentions"—were uncommitted.

Among those who voted against were the white-collar union ASTMS, the electrical power engineers, the train drivers (ASLEF), blastfurnacemen, tobacco workers, merchant navy officers, cine technicians, journalists and airline pilots.

Chief abstainers were the railwaymen of the NUR, the construction workers (UCATT) and the actors' union, Equity. Other abstentions appeared to be inadvertent because of the suddenness of the vote—demanded from the floor as the chairman was calling the lunch-time adjournment.

MR. HUGH SCANLON, president of the Amalgamated Union of Engineering Workers (left), and Mr. Joe Gormley, the miners' president, cast their combined 1,466,000 votes in favour of the pay policy.

## We must be an example for the world: Willis

AN OVERWHELMING vote from the TUC for another year of pay restraint should be seen by the world as signifying the unions' determination to restore Britain's economic fortunes, Mr. Norman Willis, TUC assistant general secretary, said.

The fact that the vote had been described as a foregone conclusion should not mask its importance, Mr. Willis said in his reply to the debate on behalf of the TUC general council which was moving the adoption of the 4½ per cent. pay limit from August 1.

"This is our reaffirmation. This is our commitment, and the world had better understand it."

Referring to speeches in opposition to the policy and to some of the interjections from the back of the hall, Mr. Willis said: "People say why the hell should we solve the problem—we did not create the system. Why should we dig it out?"

The reason was that trade union members had to live within the system and they were too numerous and too vulnerable for the TUC not to pay what he called the price of admittance to discussion with the Government about economic and social priorities.

Speakers had not merely criticised the weaknesses of the agreement, he continued—and the TUC's negotiators had covered every point raised in the debate—but had been prepared to say things which were hard for union leaders to say.

Mr. Willis had earlier moved adoption of the general council's report—a task thrust on him at the last minute because of the illness of Mr. Len Murray, TUC general secretary, and a task which he discharged with fluency and confidence.

He had asked the delegates to see the policy as one instalment in the process of putting Britain back on her feet, part of a continuing process of renovating the economic fabric of society.

The proposals were not designed as a "dramatic and immediate solution" of the country's and the trade union members' problems.

"A year ago we faced a desperate situation, with only our belief in our own policy to sustain us. To-day we face a very serious situation still, but with a clear prospect of success.

"Having halved the balance of payments deficit in 1975, having raised our share of world trade, the only major industrial nation to do so, we now know that a massive exports boom is under way.

"We have the right to point out some of these facts to critics outside our movement who have never ceased to jibe, sneer and belittle our efforts, while offering neither assistance in carrying out our policy nor any clear alternative of their own."

Dealing with the wider issues of the TUC-Government social contract, Mr. Willis said the unemployment situation left no room for complacency. But unemployment was rising at the rate of 5,000 a month now compared with 55,000 a month a year ago.

## Scanlon warning on prices fight

SUPPORT QUALIFIED by a number of doubts over the Government's economic performance came from two of the largest unions, the Amalgamated Union of Engineering Workers and the National Union of Public Employees.

Mr. Hugh Scanlon, AUEW president gave a warning that the union movement might reconsider its support for the policy if it was the only section of the country to fight inflation and Britain's other economic problems effectively.

He claimed there was a continued refusal amongst financiers to invest in British manufacturing industry but, rather, to invest their money abroad and called on the Government to reverse this trend.

Mr. Scanlon frankly admitted that the TUC's economic committee, which had negotiated the new policy, had failed to achieve any of its bargaining points in full. But he felt the tax concessions and freeze on school meal increases had been overlooked in the general reaction.

### Bargaining

The TUC negotiators, however, realised the Government had no alternative economic strategy if the unions failed to support a new policy. "During our last all night meeting with the Prime Minister we knew that if we hadn't reached agreement by then, a general election would follow," he said.

Without an agreement, there would have been "a catastrophic run on the pound which would have made the present fall look like chickenfeed."

While Mr. Scanlon believed the Government's achievements since returning to office gave them the right to deserve another vote of confidence from the unions, he emphasised the AUEW still supported a return to free collective bargaining.

Mr. Alan Fisher, NUPE general secretary, echoed the call for a return to free collective bargaining once the present economic crisis was past on the grounds that "wage control was not a panacea for all our problems."

He said that if the TUC general council's resolution had been split into sections, NUPE would have supported the short-term pay policy but rejected the new social contract.

This failed to tackle any of the "deep-seated structural problems" and lacked any "active Socialist policies" to regenerate industry, he said. Moreover, he criticised the Government's industrial policy because it had diluted planning agreements and had starved the National Enterprise Board of funds.

"The general direction of the Government's overall economic management was at variance with the trade union movements aims," he declared.

Mr. Fisher, whose members are mainly manual workers in the public sector, also criticised the Government's public expenditure cuts as being "irrelevant and harmful."

It was nonsense to argue that manufacturing industry would benefit from increased investment simply by gutting public expenditure.

The best way to reduce the Government's deficit on public spending was to return to a more "acceptable" level of unemployment, because of the huge amounts being paid out in unemployment benefits.

## Why we abstain—by NUR leader

PAY RESTRAINT bristled with problems for the railwaymen, Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, said explaining why his national executive had deadlocked and forced his union to abstain. The debate would continue at the union's conference next month.

He went on to give a warning: "Nobody can govern in Britain to-day without our acquiescence. I am not making a threat because I want to see democracy continue."

Mr. Roy Grantham, of the Association of Professional Executive, Clerical and Computer Staff, said a price had to be paid for independence: "I am sure this movement, this country is prepared to pay it."

## Clive Jenkins calls for free collective bargaining

THE ONLY two speakers to argue firmly against accepting the new policy came from white-collar unions representing workers whose salary differentials had been most affected by successive incomes policies.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Workers, declared that he was "an unrepentant believer in free collective bargaining—the most democratic way to decide how much people should be paid."

He repeated his view that wage rises had no direct effect on the rate of inflation—which made incomes policy "a misguided and masochistic exercise."

He believed the Labour Government should not automatically receive trade union support for its economic policies which had led to massive unemployment and a substantial fall in the standard of living for most working people.

In particular, Mr. Jenkins described Britain's entry into the EEC as an "unmitigated disaster" because it meant a trade deficit at a time when Britain was running a surplus with the rest of the world.

Instead of incomes policy, Mr. Jenkins wanted the Government to bring in alternative economic measures, such as import controls, directed investment and controls of capital outflows. He also wanted a tribunal to investigate the recent run on Sterling.

While Mr. John Lyons, general secretary of the Electrical Power Engineers Association, also opposed the new policy he disclosed something of his personal feud with Mr. Jenkins with several scathing remarks over the ASTMS economic strategy.

Mr. Lyons based his opposition on the fact that skilled managerial workers—who represented nearly a quarter of the working population—were again being asked to bear the brunt of income restraint. He felt these professional and managerial workers would also benefit least from the slow-down in the rate of inflation.

"But we recognise that it is important for this policy to succeed and as a major union we will do nothing whatever to prevent its success," he added.

## Alternative is chaos, says Jack Jones

MR. JACK JONES, Transport and General Workers' Union general secretary and one of the leading architects of the pay policy, called for a massive vote for the new deal on the grounds that the alternative meant economic chaos.

But he emphasised that the debate now should concentrate on the next stage of the policy. "We must look at the possibility of bringing about a more orderly return to free collective bargaining," he said.

This could be achieved through all sides of industry looking at the problem of productivity, and using such methods as planning agreements to enable higher output to be rewarded.

Mr. Jones promised the TUC would continue to press the Government on certain points, particularly in introducing selective import controls and helping pensioners with their fuel costs.

Mr. David Basnett, general secretary of the General and Municipal Workers Union, also emphasised that the TUC general council's policy to halt the inflationary spiral by wage restraint was the only realistic alternative. "Otherwise, we would be faced with the fall of the Government and a return to the Tory policy of confrontation."

But he wanted to make it clear that the basic economic problem rested with "investment-shy industrialists and not work-shy workers."

A concrete example of the way the present pay policy had helped trade unionists came from Mr. Tom Jackson, general secretary of the Union of Post Office Workers, who said that while the postal price rises last year had led to the loss of 22,000 jobs, the cut in inflation meant no more increases this year. This should mean no more redundancies, he said.

Mr. Jackson also said the next stage of the policy should ensure that some account could be taken of differentials. But there was no point in a free for all if it meant that real incomes stood still.

Opening the special congress, Mr. Cyril Plant, TUC president, gave a warning that trade unions should not continue to bear the burden of sacrifice alone. "We have helped to bring the country back from the brink of disastrous collapse, but any further sacrifices must be on a basis of equality," he said.

Mr. Plant said that this applied to British industrialists as well as the hierarchy of the Conservative opposition.

## THE PAY GUIDE LINES

1—Increases operative in the period August 1, 1976 to July 31, 1977 should comprise a percentage increase of 5 per cent. on total earnings for all hours worked with a cash minimum of £2.50 and an upper cash maximum of £4 per week. The figures will apply to all full-time adults (aged 18 and above) with pro-rata payments for part-timers and juveniles.

2—This will be payable as an individual earnings supplement. It will entail employers each week calculating total earnings and adding 5 per cent. to the result. If the answer is more than £4, £4 would be added. If less than £2.50 results, £2.50 is likewise added.

3—The 12 months' interval between major pay increases should continue to apply. Where no increase has been received since August 1, 1975 because of the cut-off requirements of the £6 policy, the normal negotiating date should apply.

4—All other improvements including non-wage benefits should be kept within the overall pay figure except as provided for in the current policy; improvements in (or the introduction of) occupational pensions schemes up to the contracting-out level provided for in the Social Security Pensions Act can also be implemented outside the pay figure.

5—Negotiators will be responsible for ensuring that earnings do not increase beyond these levels. Where unions experience difficulty in interpreting the guidelines in relation to their own negotiating situation, they should approach the TUC for guidance.

## LABOUR NEWS

## Scottish miners will press for £100-a-week—McGahey

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MR. MICK McGAHEY yesterday attacked the pay restraint agreement endorsed at the special TUC congress in London and said Scottish miners would press on with their claim for £100 a week for face workers.

In his presidential address at the start of the annual conference of the National Union of Mineworkers Scottish area in Ayr, Mr. McGahey criticised the TUC General Council. He said no fine words from them could hide the stark reality of Britain's situation.

Working people were once more being forced to bear the burden of a crisis not of their making in order to rescue a system which had outlived its usefulness.

He said the new agreement would further depress the living standards of trade union members and would in no way tackle the real cause of inflation or end the scourge of unemployment.

"The fall in the value of the pound resulting in higher import prices, which will be passed onto the consumer, the Prime Minister's promise to big business of relaxation in the price code controls in order to inflate still further their booming profits and the continued exports of capital running in 1975 at a figure of £1,900m. indicate quite clearly that the Government is not prepared to tackle big business and the multinationals who are threatening Britain's future.

"The time has now come for working people and the Labour and trade union movement in this country to say halt to the policies which are devised purely in the interest of employers and to demand a change of course in which radical alternative policies are adopted that really ensure a fundamental and irreversable shift in the balance of power and wealth in favour of working people and their families."

Mr. McGahey said he was confident Scottish miners would give full support to the demand for £100 for face workers and consequent increases for other grades, which is to be debated to-day.

These were gross wages figures and take home pay would be in the region of £60 plus. "I challenge anyone to argue that that is an extortionate demand from the mining industry," he said.

### 'Mothball new oil plant'

MR. McGAHEY also demanded that the Government mothball a new £150m. oil-fired power station to maintain the market for coal.

The NUM must demand that the Government ensure that the South of Scotland Electricity Board maintain its coal order over the next decade so that the mining industry could plan to meet the energy gap which would emerge in the late 1980's despite the development of North Sea oil and gas, he said.

The Government must tell the Board to mothball the Inverkip Power Station, due to begin generation later this year, and run the £130m. Hunterston B nuclear power station at less than full capacity.

The SSEB last night said that the Inverkip station had been designed to meet peak demand and would not be much used at any other time. Hunterston B was needed to supply low cost electricity.

## Prior outlines Conservative plans for worker-participation

BY JOHN ELLIOTT, MANAGEMENT EDITOR

PROPOSALS FOR basing the Conservative Party's policy for worker-participation on a mixture of statutory requirements and voluntary targets contained in a code of practice were put forward yesterday by Mr. James Prior, the Conservatives' employment spokesman.

The legal provisions would change company law to accord with what Mr. Prior called the "reality of industrial practice" and would require company directors to consider the interests of their workers as well as those of shareholders.

There would also be a minimum legal requirement for the disclosure of company information based on simplified versions of companies' annual accounts being made available to employees.

The code would lay down ideas beyond these minimum standards and would advocate a variety of solutions, primarily based on extending collective bargaining where trade unions are strong and establishing new consultative arrangements where organisations were weak.

All employees would be involved, not just union members, stressed Mr. Prior when he listed these provisional plans at a London meeting held yesterday by the European Study Conferences. He was expanding an idea he has discussed before, but emphasised that nothing has been settled.

He said it was "crazy" to impose the TUC's worker-director ideas, although he did not object to companies being free to introduce such arrangements if they wished. He backed the CBI's proposals for large companies to be required to introduce participation agreements within a four-year period and repeated his view that a future Conservative Government should introduce and change employment as little as possible.

## Blacking row: Lords clear union

BY OUR LABOUR STAFF

THE HOUSE of Lords held yesterday that the Transport and General Workers Union was not responsible for its shop stewards blacking a Canadian-owned company which was granted a ground handling contract at Heathrow Airport.

Yesterday's 4-1 decision brings to an end three years of legal battle between the union and General Aviation Services (U.K.) Ltd., which estimated its losses at more than £2m.

TGWU shop stewards blacked GAS because they wanted ground handling work carried out by a public organisation and objected to the British Airports Authority awarding the contract to a private company. In 1973 GAS established before the then National Industrial Relations Court that the blacking was an unfair industrial practice under the 1971 Industrial Relations Act, but this was set aside in the Court of Appeal last year.

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

DATA PROCESSING

## Two views of filing

... MONTHS after its first ...nch, a high capacity Data...on automated information ...rage and retrieval unit based ... microfilm has been sent to ...SF by the Stabletron com...y and will be used to capture ...he 1.2m documents, with ...ansion to be undertaken in ...ut 18 months.

...ny one of these documents ... be extracted very rapidly ...m file, using the search capa...ties of BASF's existing com...er to which the Datavision ...troller is attached. It is ...n displayed on the equip...nt's terminal and high ...lity prints are produced on ...nand.

...tabletron is vigorously ...rketing the equipment in ...rope through Datavision AG, ...ompany set up by a European ...up to which Stabletron sold ... rights of the invention as the ...t means of ensuring a rapid ...nch with all the necessary ...ncial backing.

...ubsidiaries have been set up ... seven countries to handle ...ailed sales and systems engi...ring work for individual ...tallations.

...he equipment enables several ...rs to interrogate the micro...i store *simultaneously—which* ... not been possible before— ... view the information on ...note terminals.

...Datavision's U.K. offices are ...acent to those of *Stabletron*, 101 Bancroft, Hitchin, Herts, ...5 1NB. (0462 56595).

...Meanwhile, Exchange Telegraph Company is starting to market equipment which, in one of its many forms, can play an important role in simplifying office filing for various kinds of users.

DTC Micro-File can be linked with a terminal and has its own control software with scope for users to write their own operating programs.

This means the unit can be used in a "*semi-intelligent*" mode so that requirements such as those in a stock control system can be automatically printed out for reordering.

The unit has its own micro-computer, dual flexible disc drive, and 8k characters of random access memory which can be expanded to 56k.

It can be used as an automatic letter writer to produce individually addressed multiple copies of standard letters from lists of names stored on disc, providing automatic justification.

Envelope labels can also be printed in the same way.

This facility and a text editor facility are both sub-sets of a complete word-processing system. Users can create, modify or erase data files or application programs and a considerable number of applications are envisaged where users are seeking to take away from their existing computers a number of jobs which a small, intelligent unit can perform at less cost.

Further from Exchange Telegraph, Engineering Division, 73 Scrutton Street, London EC2A 4PB (01-739 2041).

PACKAGING

## Easy-carry idea from Britain

...EAT-SEAL equipment designed ...d made by a British company ...y soon be changing the look ... *some of the shelves in super*...arkets throughout Europe.

In many Continental countries, ...usewives buy their washing ...wders in large 2 or 4 kilo ...stic bags. To keep the selling ...ue of these bulk packs to a ...inimum, the manufacturers ...nerally use ordinary open-...outh sacks made from the thinnest polythene practicable, and twist-tie the tops after filling.

These "economy" packs do not stack too well on the shelves, *do not look very attractive and* are none too easy for the customer to carry home. Another disadvantage is that instructions printed on a "bunched-up" bag are difficult to read.

Whitehall Machinery of Bristol, has collaborated with Colgate-*Palmolive of Denmark to over*come the problem. The solution combines the use of faster filling and sealing methods—using thin gauge polythene—with another machine, specially developed by Whitehall Machinery, to heat-seal a heavy gauge strip to the top of the bags in which a handle is punched.

These bags are then put through the Whitehall Machinery unit. This applies a 120 micron heat-sealable overtape—deep enough to accommodate a *hand-hole*—to the top of the bag, trims and heat-seals through all layers and then punches out the handle.

Whitehall Machinery, Chalks Rd., Whitehall, Bristol BS5 9ER. 0272 553551.

● INSTRUMENTS

## Outlines the faults

A NEW company called Pexit Precision has been set up in Coventry specialising in the design and manufacture of outline projectors for *mechanical* inspection purposes.

Three models are available at the moment, with 20, 30 and 60 inch square screens respectively. The smallest model has a table *that can hold 10 lb, with a work* area nine inches square, and 5 x 2½ inches of movement. Emphasis of the layout is on ease of movement and the instrument is aimed at both production and toolroom use. *Lenses* are available with magnifications of 10, 20, 25, 50 and 100. Price is £1,100.

The 30-inch model has an 18 x 9 inch work area for larger pieces, and features a screen free from obstruction that allows more than one person to view if required; prices start at £2,250.

Table of the 60-inch instrument measures 40 x 8 inches and it can support up to 300 lb. The 5-foot square screen can be angled to allow the operator to view from a comfortable working position at the table. Workable units are priced from £7,000. More from 24 Dutton Road, Aldermans Green Industrial Estate, Coventry (0203 610436).

● PROCESSING

## Hones to a fine finish

ETCHING OF aluminium gas cylinders varying in length from 6 inches to 6 feet is now being carried out with the aid of Vacu-Blast's Honermatic system.

The plant has been installed at the Nottingham works of Luxfer where between 140 and 260 cylinders an hour are processed. Etching of the outside of the cylinder is an important requirement as it enables the ultimate paint finish to withstand knocks and abrasions.

Two wheels in the plant propel non-ferrous abrasive at the cylinders and Vacu-Blast has found that if polymer tubes are used instead of the traditional flat metal blades of the wheels a much longer working life can be achieved. The company says the tubes have 32 times the working life of the blades. A combined fluidised bed conveying and separating system carries re-usable abrasive back to the wheels and cleans it en route.

Vacu-blast has high hopes that the plant will prove an important advance in this type of processing and the treatment of many types of aluminium, stainless steel, copper and brass components.

*Alloy castings, small fabrica*tions, strip and extrusions can now all be surface treated by the new system which is regarded by the company (Woodson House, Ajax Avenue, Slough SL1 4DJ. Slough 26511) as its most important technological advance in the past ten years.

● MACHINE TOOLS

## High speed bandsaw

STOCK REMOVAL rates up to 38 sq.in./min. are claimed for the SBA 401 bandsaw. Bundles of material, or two bars placed side by side in the machine vice, can usually be sawn as quickly as single pieces, it is stated.

A pillar bandsaw, it has a 16 in. capacity, and is fitted with a device which constantly monitors the load on the saw and automatically adjusts the feed rate in two modes.

For tubes, sections and free-cutting solids, the rate is related to the cross-sectional area or resistance of the workpiece—especially useful for cutting tubes when the cross-section is constantly changing.

For alloy steels and other high strength alloys, the monitoring device operates in an overload protection mode, reducing the feed rate before overload occurs—this is necessary because the machine uses constant feed hydraulics and the cutting head would otherwise descend at a pre-selected rate regardless of the resistance of the workpiece. With work hardening materials this could cause trouble.

Programming of the adaptive control is from setting graphs. A rotary wire brush removes swarf. Blade tension is automatically adjusted, including relaxing between cuts to minimise band fatigue.

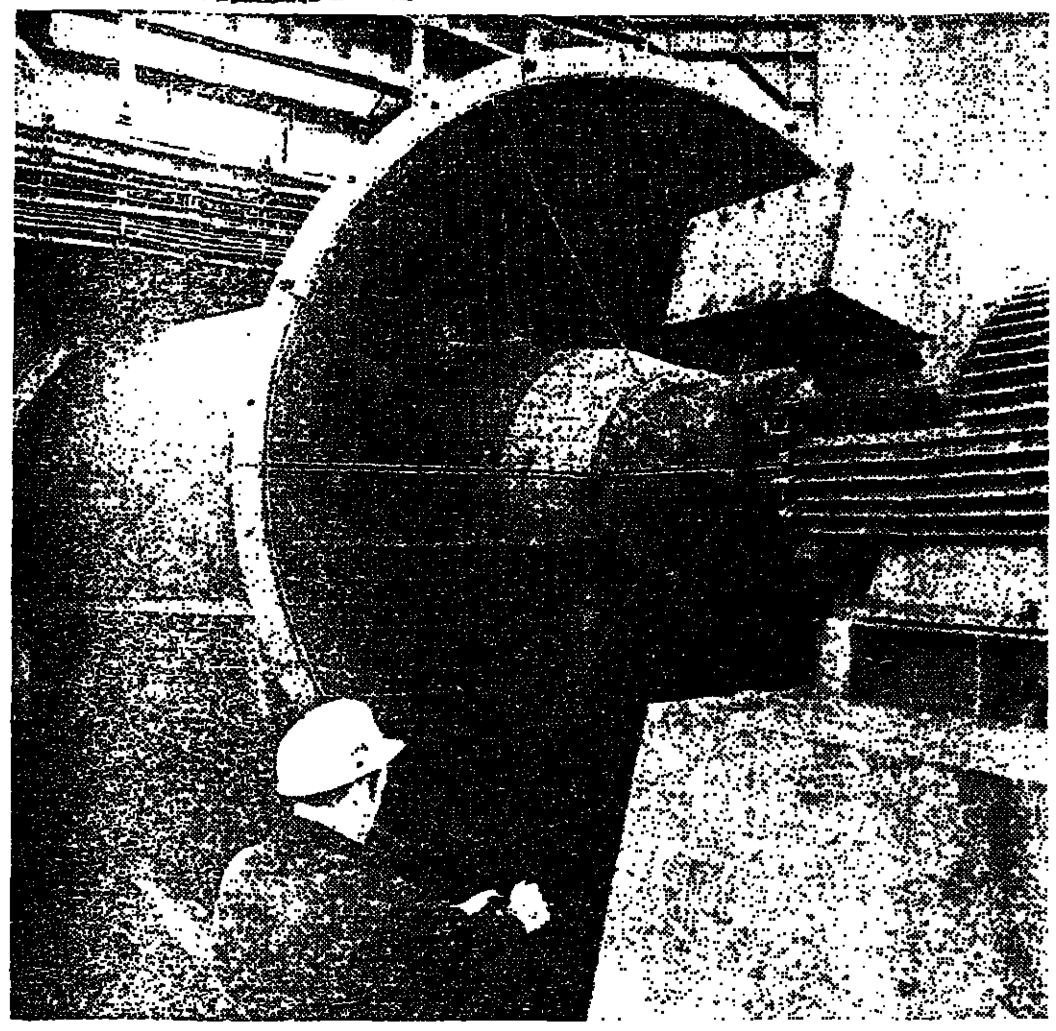
Marketed by the Addison Tool Co., Westfields Road, London W3 ORE (01-993 1661).

## Versatile fixture

UNIVERSAL FIXTURES for milling machines, grinders, drills and spindle routers should eliminate the special fixtures usually required for repetition work. They have been introduced by Besting Engineering Company, 30 Hare Street Road, Buntingford, Herts., SG9 9HW (0763 71345).

Type 1 takes bar from 1/16 to 1½ inch (round or square) in ward collets, and Type 2A adds a 12 inch diameter faceplate with four slots for T-bolt clamps. The workpiece can be set at any angle from 0 to 360 deg. in the horizontal plane, and is locked in position by a manual clamp lever.

When Type 2A is added, workpieces *can be inclined* ±45 deg. from the horizontal as well as rotated—the work is secured with manual clamp bolts.



One of a set of five exceptionally large sinter-cooling fans built by Edgar Allen Aerex of Sheffield. It has just completed commissioning trials at the British Steel Corporation's new sinter plant at Llanwern. Each of these 92-inch-diameter fans absorbs 432 hp at maximum duty and can deliver 212,000 cubic feet of cooling air per minute at a pressure of 8.9 inches swg. The pitch of the fan blades is variable while the fans are in motion, enabling cooling air to be supplied at pressures in accordance with variations in the temperature of the hot sinter.

● MATERIALS

## New acrylic sheet plant

COMMERCIAL production of what is believed to be the first extruded acrylic sheet of its type in the U.K. commenced this week on a £150,000 Francis Shaw sheet extruder at the Wolverton factory of Richard Daleman. The sheet is made from the Rohm and Haas moulding powder, Oroglas DR, at present imported from the U.S. As demand increases it is expected that the powder will be made at the Rohm and Haas Jarrow factory.

Richard Daleman, which is *spending a further £200,000 on a* second extruder to come on stream early next year, with plans to instal a larger unit, has named the sheet Evolite Impact. The extrusion technique used is stated to give good optical properties and dimensional stability.

Initially, the sheet is being produced in transparent and opal sheets 1250mm. wide, and in 2, 2.5, 3 and 5 mm. thicknesses, for the glazing, sign and lighting markets. Later a 6 mm. thickness, and a range of primary sign colours will be introduced.

Properties claimed for the new sheet are impressive. It is over 100 times tougher than glass and up to eight times stronger than standard acrylic. The company says accelerated tests predict high weatherability and resistance to ultraviolet deterioration. It is said to fabricate as readily as standard acrylics and to form more easily and with greater definition.

Its nearest competitor in the plastics field seems to be CAB (cellulose acetate butyrate), which is stated not to have comparable weatherability. Polycarbonate, though it has some *superior characteristics*, is very much more expensive, and, the company says, could be replaced with Evolite Impact in many applications. As a vandal-proof material, the new sheet can also be used to replace armour plate glass (again more expensive) in some applications.

The sheet can be reinforced with polyester/glass fibre backing.

Prices for sheet supplied to an end user through distributors for glazing applications are: 3 mm. thick—£9.80 opal, £8.62 clear/sq. metre; 5 mm. thick—£16.34 opal, £14.37 clear/sq. metre for orders around 2 tons: about 20 per cent. less for fabricators using the sheet for signs, etc.

More details from Richard Daleman, 325 Latimer Road, London W10 GRE (01-969 7455) or Rohm and Haas (U.K.), 2 Mason's Avenue, Croydon, Surrey CR9 3NB (01-686 8844)—a subsidiary of Rohm and Haas Co., Philadelphia, U.S.

## Silicone sealant

FOR INDUSTRIAL or domestic use as a sealant, adhesive or gap filler, a silicone rubber compound called Hylosil has been introduced by Marston Lubricants, Naylor Street, Liverpool L3 (051-227 1177).

The maker says that, due primarily to its catalyst system, it will not affect alkaline materials, it has a short curing period, prevents corrosion when used with ferrous metals, and does not give off acetic acid vapour.

It is claimed that in addition to acting as an adhesive for most materials, including metals, ceramics, wood and plastics, it will produce a flexible seal which will not harden or crack over a range of −50 to +180 deg. C. It can be used to form a gasket or "O" ring.

When exposed to atmospheric moisture at room temperature Hylosil forms a tack-free skin in 15 minutes. A 3 mm layer is completely cured in 24 hours. The sealant is supplied in 110-gramme tubes, 340-gramme cartridges for use with pressure guns, and 25 kg canisters for automatic production line applications.



● HANDLING

## Industrial storage units

FOR THE bulk storage of both liquids and dry materials, a range of industrial storage units has been introduced by Howard Harvestore, Saxham, Bury St. Edmunds, Suffolk IP28 6QZ (0284 63100)—a member of the Howard Group.

The tanks and towers are built from steel sheets protected by a fused glass coating (the Permaglas system). The roofed structures are for free flowing, semi-freeflowing or fibrous materials and the towers are available in 14, 20 and 25 feet diameter and heights from 10 to 90 feet.

There are two types of bottom unloader, chain and sweep arm auger, and a range of different bases is available. Liquid storage tanks have capacities from *1,550 to 423,000 gallons*, and a variety of liquids can be stored, in the range between pH3 and pH8. Roofs are available for tank diameters up to 25 feet.

## Load weight indicator for safety

GREATER safety and efficiency on the farm as well as in industry, is offered by a fork lift truck load indicator which is coupled directly into a truck's hydraulic system.

Axholme Enterprises has the sole world selling rights for a new device designed along these lines by Hawker Siddeley. It provides a large dial which shows the operator the precise load carried by the forks to a high accuracy.

By ensuring that overloading of the truck or any other equipment loaded by it need not occur, accidents can be prevented and wear and tear on equipment minimised. A simple zeroing device (tare adjustment) provides maximum flexibility for weighing in a wide variety of situations. Fertilisers, seed potatoes, seed and any other product can be check-weighted precisely while loading with the fork-lift truck to which the device is fitted.

For outgoing goods the indicator can provide a means of seeing precisely the weight loaded as a check on employees using scales at the end of potato riddles, for example.

Axholme Enterprises, South View, Haxey, Doncaster South Yorkshire. Haxey 752371



Annual Statements—Contd.

### PAN HOLDING S.A.

Luxembourg

The Annual General Meeting of Shareholders took place on May 31, 1976. The accounts for the year 1975 were approved. They show a profit of US$13,316,413. The unrealised portfolio losses, which as of December 31, 1974 stood at US$16,184,936, were cut back as of December 31, 1975 to US$5,263,981, freeing a provision amounting to US$10,920,955. This sum will be transferred to the *provision for contingencies* together with the realised net portfolio gains, as well as the exchange profit, i.e. US$878,564, or a total of US$11,799,519. When deducting this amount from the above-mentioned profit of US$13,316,413, there remains a net income of US$1,516,894, which allows a distribution of US$2.15 per US$10 share. This dividend, free of withholding tax in Luxembourg, will be paid as of July 1, 1976.

It will be recalled that the dividend paid for the fiscal year 1974 amounted to US$2 against US$1.80 *for the fiscal year 1973.*

In his statement, the Chairman recalled that the net asset value per share as of December 31, 1975 was US$94.86 showing an increase of 21.87 per cent. from the previous year. If the dividend paid during the year is taken into account, this percentage is +24.44%.

During the first months of 1976, the net asset value continued to rise. As of May 15, it amounted to US$103.82 per share, an increase of 9.45% since the beginning of the year.

The Chairman underlined that "the confidence placed in the American financial markets for several years allows us now to reap the benefits of our investments." As of May 15, 1976, the percentage of the assets of the company invested in the United States and Canada amounted to about 50%.

GOLF/THE U.S. OPEN

From BEN WRIGHT, ATLANTA, Georgia, June 16

# Why mindless length may win the day

NOT SINCE 1970, when Tony Jacklin won the U.S. Open golf championship at Hazeltine National Golf Club, an untried course in rural Minnesota, which earned almost unanimous brickbats from the sorely tried competitors—Jacklin being a notable exception—has controversy raged so fiercely about the venue of this venerable event as it has about the Highlands course of Atlanta Athletic Club here.

Tomorrow morning prompt at 7 o'clock, an unknown amateur, Ronald Milanovich, whose sole claim to fame previously was that he won the 1975 West Pennsylvania Open, will strike the first necessarily nervous drive in the 76th U.S. Open.

## Jacklin absent

In 1970 Dave Hill earned himself many headlines and a paltry $150 fine by saying of Hazeltine that its architect had ruined a perfectly good farm and that the layout could quickly be improved by installing 80 cows and planting a similar number of acres of corn.

Hill has since grown tired of firing bullets on behalf on his colleagues at officials of the U.S. Golf Association for their preparation of U.S. Open sites, and has ceased to play in the event. Jacklin, too, is an absentee, having failed to qualify last week.

It is a flaw in the organisation of the event that such a recent champion should be treated so shabbily. The Royal and Ancient Golf Club of St. Andrews do things far better in allowing venerable former champions like Gene Sarazen, Sam Snead, Fred Daly and Bobby Locke to play in the championship proper. All are entered and will hopefully renew old acquaintance with each other and their adoring public at Royal Birkdale next month.

The Highlands course here, unlike the last five historic championship venues, is a new course. The late great Bobby Jones made a dying wish that this championship should be played over the course of the Atlanta Athletic Club, which was then situated at East Lake, where Jones played most of his life.

Alas, Jones never saw this new layout, which has superseded the one on which he played. Yet in a way this is probably a good thing, for Joe Finger designed the new outward half in 1971, Robert Trent Jones laid out the inward half in 1967 (plus the other 18 holes here), and since 1973 George Fazio has redesigned both halves on behalf of the USGA at a cost to the club of $400,000. The result looks exactly as one might expect—a disordered hotch-potch, transparently the work of three men with vastly differing ideas.

The much longer outward half (3,560 yards) is more open because the trees and rough are that much less mature than those on the tighter inward half (3,455 yards). At 7,015 yards and par 70, the course obviously places a greater premium on mindless length than calculating accuracy, which may give a clue to the eventual winner.

In other words, there could be another surprise champion. He may not be the greatest shot-maker in the field but he may be the man who putts best this week.

The course plays extremely long because it has to be heavily watered to keep the grass alive in the excessive heat, for this is the first-ever U.S. Open to be played in the Deep South. Because of these conditions, the bent grass greens will be softer and more receptive than those traditionally encountered.

## Muttering

Both par five holes, the 540-yard fifth and the 510-yard 12th (this one lengthened from par four), are readily accessible in two shots. The second hole (450 yards), 11th (480 yards) and 18th (460 yards) have all been converted from par five to four for the championship, and needless to say the 11th has caused much dark muttering. It is the longest par four in U.S. Open history, the second shot with wood or long iron played downhill to a small and tightly-bunkered green—extraordinary to say the least.

But, as the players tend to forget when the nerves start to twitch with the approach of the witching hour, the course is the same for everyone. Opinions about the likely winning score are as fiercely divided as those about the merits of the layout. There are those who believe the soft, possibly slower-than-usual greens will produce a score of around 270, ten-under-par. Others are adamant that 288 will not be excelled.

My own theory, having walked the course only once, is that a total of about five-under-par may prove good enough since some rain is expected before the weekend.

So who will win? Among those in commanding recent form is defending champion Lou Graham, who tied for fourth place last Sunday in the Kemper Open in Charlotte, North Carolina, on a course remarkably similar to this in looks and exactly the same in terms of grass types—Bermuda fairways and rough and bent grass greens.

## Unreliable

Tom Weiskopf, who tied for second place, has the requisite length to win. But so much depends on his attitude of mind from day to day that he has become an unknown and largely unreliable quantity. He is, however, in my trio against the field.

The other two are, not unnaturally, Hale Irwin, whose already legendary ability with long irons and fairway woods—plus his course management and competitive drive—I find so impressive, and Jack Nicklaus. Irwin's raking, long second shots will more than compensate for occasional lapses with the driver, and the latter will be less costly than they were to Irwin in the recent Memorial Tournament put on by Nicklaus.

Nicklaus, himself requires little further comment, except to say that now his personal tournament is behind him—both the event and the course acclaimed as triumphs—he will be more relaxed and able to concentrate fully once again.

In such a talented field, Masters champion Ray Floyd is another whose current form is exceptionally good, as is that of veteran Don January, enjoying his best-ever season in his comeback year. Nor can one discount the ebullient Hubert Green, the season's leading money-winner, whose unsound-looking method is turned to his advantage by overflowing self-confidence and colossal determination.

Lastly, our own Peter Oosterhuis told me last Sunday in Charlotte that he is quietly confident that his game is close to its peak. I fear that may not be good enough, but we can rely on the customary courageous performance from our lone representative.

Left to right: Peter Oosterhuis, Britain's lone representative in Atlanta, who reckons his game is close to its peak, and Hale Irwin, whose competitive drive should take him close.

YACHTING

## Knox-Johnston wins Round Britain

By Alec Beilby

MORE Opposition owned by Tony Morgan and sailed by Robin Knox-Johnston, was first to finish the Round Britain Race for fully-crewed boats, at noon yesterday, completing the 1,860-mile course in 10 days and about 22 hours.

No other yachts had finished by late yesterday afternoon though Donald Parr's White Quailo was thought to be about six hours behind. The Royal Ocean Racing Club, organisers of the race, said that a handicap result was unlikely to be available until several of the yachts racing the full distance non-stop had completed the course.

Advertising and...

ASA REPORT

## A Glasgow vendetta

BY PAMELA JUDGE

"DOWN WITH drink" is clearly the aim of at least one Glaswegian. Of the eight cases of complaints on alcohol ads resolved by the Advertising Standards Authority in April four came from the same person in Glasgow, who has a thick file in the association's offices with yet more submissions going through the pipeline.

Clearly the ASA spends a fair proportion of its time in assessing this Glaswegian's interpretations of the Code of Advertising Practice. Drambuie—admittedly its home is in Edinburgh—was said to be implying that the drink was necessary for social success with its "Make friends . . ." Not so, said the ASA, the ad "indicated that the liqueur could be useful on social occasions." Drybrough and Co., Edinburgh again, was taken to task for its slogan "Strike it rich." The complaint was not upheld, and the advertiser pointed out that the same slogan was also used in advertising a sister but weaker pale ale.

On the other hand the sentence for Smirnoff vodka "As is our confidence, so is our capacity" was held to be an encouragement to "over-indulgence" and the slogan for Four Crown White Wine: "The wine for men of spirit" offended since it should not "impute any failing to those who do not accept the challenge of a particular drink. Thus does one inhabitant of Glasgow change the plans of IDV and Vine Products.

Equally avid readers of ads [in] Bristol, Manchester and Eps[om] challenged the basis of pri[ces] quoted for home made reci[pes] by Thorn Domestic Applian[ces] (Electrical). It turned out th[at] the meat in the meat loaf w[as] intended to comprise leftove[rs] and the ad. was amended to re[ad] "left over from previous mea[l] so not costed."

From Brussels came a co[m]plaint that the typography a[nd] U.S. style emblems in a sales [ad] by Evans and Owen "impart a quasi-official tone." The AS[A] did not think anyone would [be] misled since the merchandi[se] was "ladies fashion garments."

The Flour Advisory Bure[au] campaign for bread obviou[sly] had a large readership—e[?] complaints came in from pla[ces] as far apart as Loughborou[gh], Lowestoft, Hove and Co. [?] It was all highly technical, to[o], with protein, nutritional valu[e], milling and minerals. T[he] Bureau was upheld with one s[ug]gested amendment and one er[ror] had already been noted.

The latest ASA report, num[ber] 16, deals with 137 cases of wh[ich] 46 are mail order involving co[m]plaints unrelated to copy clai[ms]. Of the 91 cases that relate[d to] copy 58 had complaints uph[eld]. Holidays, travel and [?] accounted for 11 cases and hou[se]hold appliances six followed [by] food (5). And there were [?] cases which involved complai[nts] on decency and taste.

# The Marketing Scene

## ...lls woos adults

... brand leader in the U.K. ice-cream market, ... grumbling about the ...m weather, but it ... its marketing pro... ...st year the industry ... 40 per cent. boost, ...sation and the sun; ...igs are going even ... less inflation and ... warm weather.

... consumer demand ... Walls to postpone its ... campaign for one of ... ducts, Cornetto, based ... nental success (70m. ... in Italy last year) ... mainly at teenagers, ... on test now on South... ...he national equivalent ...0 of advertising, but ... going so well that the ... has been delayed. ...on is that Cornetto has ...ported until September ...ies very little profit ...so there is little point ...eating the market.

...er new brand that has ... this week is Dark ... a box of ten ice cream ...tes, half orange flavoured ...alf mint. This is built ... a German product which ...ainly in cinemas, but in the U.K. it is aimed at adults in a wider setting.

The concentration on adults is a novelty for Walls, and to give the brand every chance it is receiving £300,000 of advertising prepared by Lintas and starting initially on Southern TV, its biggest ever support for a single line. The aim is to persuade adults that they can eat ice cream in public without losing face.

Walls, with around 40 per cent of sales, is particularly optimistic at the moment since last year it managed to market what was judged to be the grocery product of the year, soft ice cream, which was scoopable on leaving the freezer. It hopes that either Cornetto or Dark Secrets will do the double.

Although the brand breakdown between ice creams does not vary much there are changes afoot in the ice cream market, largely linked to the growth of freezers, now in one in four homes. Bulk ice cream in gallons, half gallons, and litre packs, account for over a quarter of sales, and home freezer owners tend to buy ice cream all the year round at double the rate of non-freezer homes.

A.T.



Brigitte Bardot is joining a growing list of personalities who are selling their popularity to enliven products, reports **Antony Thorncroft, Marketing Editor**

# The solution is in the stars

FROM October we will be seeing Brigitte Bardot on our television screens virtually every night. It is not a retrospective season of her films showing the sex kitten mature into a sleek cat, but a series of commercials for Zendiq, Goya's big attempt to break into the men's cologne market for which Brigitte does the selling.

Goya is spending lavishly on Zendiq, with a £500,000 advertising budget for the three months up to Christmas. In addition there is Mlle. Bardot's fee, a nice round £100,000. This may seem excessive but it ties her into a three year contract and she is apparently deeply involving herself with Zendiq, re-writing the script, making sure the smell is acceptable, and criticising the packs. Research by agency Primary Contact suggests that she is very acceptable to women, the main buyers of male toiletries.

This is Brigitte Bardot's first series of commercials for British television, although in the past she has sold her talents to Lux and Air France for screening overseas. She is joining a lengthy list of personalities, stretching up to Lord Olivier (a promoter of Polaroid) who involve themselves with advertising campaigns—for a consideration. In fact only a handful of actors now say no—Michael Caine and Oliver Reed are two who have resisted all approaches to date.

At the moment there is something of a glut of famous names appearing in television commercials. Sir Ralph Richardson is full of praise for Concorde while Harry Secombe is also happy with British Airways: George Savalas, brother of Telly, is eating his way through Wimpys: the Milk Marketing Board has been employing everyone from Mohammed Ali to Barbara Windsor to help it root out the Humphries; Arthur Lowe is getting even weightier with Birds' tinned custard; Henry Cooper and Harvey Smith freshen up with Brut 33; and so it goes on, with David Niven in the wings, having made some commercials for Maxwell House which are currently being evaluated.

The use of personalities in advertising is full of pitfalls but it can produce wonderful results. A classic is the recruitment of Gordon Jackson, the moral conscious of Upstairs, Downstairs, to launch the Trustee Savings Bank on television. Agency J. Walter Thompson has developed the idea that everyday products are given personalities by consumers, and research can prise out of them just what kind of a chap Persil, for example, is. As far as the agency is concerned "Gordon Jackson is the Trustee Savings Bank and the Trustee Savings Bank is Jackson."

On top of his Scottish re-assurance on screen Gordon Jackson also co-operated whole heartedly at the opening of new branches, and the client attributes much of its recent growth to his development of its image. But then the tightening up of controls on financial advertising made the use of personalities out-of-bounds, and JWT is forced to devise a new approach for this autumn's advertising. But JWT's loss is Collet Dickenson Pearce's gain. This agency was quick to sign an exclusive contract with Jackson and from this week he is giving the same solid character reference to Fine Fare stores.

*A persuasive trio of actresses currently involved with advertising—Brigitte Bardot in a still from the Zendiq commercial; Jeanne Moreau promoting Winston cigarettes in international magazines; and Diana Rigg, Flying the Flag.*

Frank Lowe, managing director of CDP, a big user of big names, is quick to point out the problems involved. "It is essential to write the scripts first and then cast the best actors. Never get famous actors and build a script round them." In its Benson and Hedges commercials sometimes Peter Sellars and Spike Milligan are used; sometimes much less familiar names. Lowe distinguishes between advertisements that employ the famous as actors; those that recruit them as presenters; and those in which the familiar face is shown as a consumer of the product.

In this category it is essential that the link should be credible, as in the case of James Hunt and Emerson Fittipaldi recommending Texaco Oil. Arthur Lowe's penchant for Birds custard is perhaps less believable. This is getting near the great trap of throwing in a personality in place of a good creative idea.

The big name should ideally be used to give a better image to a brand by eliminating previous prejudices. For example, JWT successfully used James Robertson Justice to sell Kraft's Crackerbarrel cheese. There was ingrained consumer disbelief that Kraft could make a natural cheese, but the example of Justice, who would never eat a processed cheese, tucking in overcame the problem.

The same well researched strategy lies behind Wimpy International and agency Lansdowne's current use of George Savalas in TV commercials and point-of-sale. The need was an advertising approach that would gain the support of the franchisees of the 500 plus chain, and also overcome some gaps in consumer acceptance of the product. A number of British personalities were considered but it was felt intrinsically unlikely that they would pop into a Wimpy.

But George Savalas of Kojak fame was a confirmed snack eater, with a big appetite, and a belief in value for money. He is doing a wonderful job, and values his own contribution at £25,000, a modest sum for an American actor. (His brother Telly was reported to have asked for £500,000 when approached by a London agency, which probably means that he did not want the job. In practice many Americans are currently snapped up by the richer Japanese agencies.)

Often the personality develops naturally out of the product. Mallory Batteries launched last week its first television campaign, spending £125,000 in the London area. To agency Crawfords the batteries major on endurance so they identified with them a man who embodies endurance. Dougal Haston, a mountaineer who climbed Everest.

In the same way Doyle Dane Bernbach has been right on target by associating basically up-market Sandersons materials with basically up-market people like Peter Hall and Joan Bakewell. The campaign has run for three years now with success, and at relatively little cost. The testimonials are given gratis in return for some home decoration.

The actual cost of using big names is naturally an intriguing subject. Often an actor, or rather his agent, will quote an enormous fee because he is not over-keen on the job. For example, an agency wanting to use a comedian in a bread commercial was somewhat deterred by Stanley Baxter's request for £50,000, although he has done an effective job for Pearl in warming up its image. On the other hand Benny Hill was prepared to negotiate at £15,000, and Bird's mellow coffee got a fine launch from Kenneth More for a reputed £20,000. His assurance was just right for a new product.

The highest paid actor currently appearing in commercials is reckoned to be Bruce Forsyth who collected well over £100,000 from Stork for presenting its margerine, but this is a brand with a £1m.-plus advertising budget which can afford to pay generously for a popular face. At the other extreme a TV production company tells of approaching a well known actor and offering him, rather diffidently, £3,500. It was pleasantly surprised to get a reply agreeing to the suggested £350!

Much depends on the work involved. BMP paid Mohammed Ali £10,000 for his milk commercial, but the boxer was passing through London and ripped off the assignment in a day. There is a world of difference between this and being associated with a product over many years, as is the case with Robert Morley, who has sold British Airways to Americans in the U.S. for six years. In fact many Americans think Mr. Morley is the chairman of British Airways.

Robert Morley's success led to a spate of airline imitators—TWA employing Peter Sellars, less satisfactorily, and Air France throwing in virtually everyone from Andy Warhol to the Duke of Bedford to sing its praises. Now British Airways has recruited a very impressive trio to promote the airline in the U.K. for the next 12 months, and, with hope, even longer. There is Sir Ralph Richardson being rightly patriotic about Concorde; Diana Rigg virtually ordering businessmen to use the airline; and Harry Secombe clowning away about the cheaper family flights.

Agency Foote Cone Belding looks after probably the biggest single brand account in U.K. advertising with British Airways—it spends well in excess of £2m. a year—and its decision to concentrate on personalities is important. A short list of eight names was drawn up with the aim of giving a unifying theme to what are different marketing propositions, and there was a comforting willingness to rally round the flag. The initial reaction has been favourabl... with the agency stressing th... professionalism of all the (we... paid) presenters.

Professionalism is one of th... bonuses from using famou... actors, but there are drawback... Comedians like to have thei... scripts prepared by thei... usual writers (which adds to th... cost); there is the problem o... the same actor working for quit... unlinked products at the sam... time (John Cleese was recentl... selling an oil and a lager in th... same commercial break); an... there can be public relation... difficulties, as in the case of th... actress who confessed she neve... actually used the product sh... was selling.

There is one more big proble... area—the conflict between th... BBC and the ITCA. In anothe... reincarnation BEA hit a crisi... when Alan Whicker, who wa... advertising the airline wa... forced out because of his com... mitments on the other channe... More recently Percy Throw... has been dropped by the BB... because he is working for ICI o... gardening commercials. But a... long as the BBC persona is no... exploited in the commercial... the Corporation tends to turn ... blind eye.

A personality gives an adve... tisement instant recognition an... helps with recall but only if th... personality has a natural lin... with the product, or else has ... script which produces a war... reaction with the consumer. ... can also help change prejudice... if the presenter has credibilit... Whether it produces value fo... money depends on the skill o... the agency in choosing the righ... person—the price range is fro... less than £5,000 (Saatchi-Com... ton and Kronenburg are emplo... ing John Fortune for a very ec... nomical fee) to £75,000, whic... interests someone in the Davi... Niven class. But even an eno... mous sum can pay off wi... judicious back up promotion.

An advertiser must be certai... that the famous name is no... being dragged in to liven up ... poor script, or a dull creativ... idea. The long-term implicatio... should also be examined. Bu... as advertising becomes mo... restricted, and the country cri... out for reassurance, the appea... ance of personalities in ou... advertising will continue ... flourish, producing a warm glo... in the client, a feeling o... achievement in the agency, ... quick response from th... audience, and an income ta... problem for the star involved.

## Denim unbuttons

BRIGITTE Bardot and Goya will not have an easy task gaining sales in the £56m. U.K. male toiletries market. Apart from entrenched leaders, Brut and Old Spice, its heavy advertising campaign will be matched by another new brand announced this week, Denim, which is the Unilever subsidiary Elida-Gibbs first big effort in the field.

Denim was tested in the Midlands before Christmas last year and although the company provided inadequate supplies the sales were very encouraging. Now there is a £570,000 national launch, with advertising starting within the next month to prove the brand's appeal before the bigger, end-of-year, marketing drive.

The advertising for Denim, devised by agency Lansdowne, raised a few eyebrows at the ITCA, showing, as it does, a female hand unbuttoning a denim clad male. But the commercials were passed. The brand is aimed at slightly up market 18-35 year-olds, perhaps at the Brut users who are disorientated now that Fabergé has launched its much cheaper (and very successful) Brut 33 range. A.T.

## Pegasus a pointer

TWO well established market research companies, Public Attitude Surveys and England, Grosse are to merge their field forces, forming one five hundred strong team to be known as Pegasus. This is a sensible rationalisation, saving both companies cash in areas like training and supervision, while enabling them to offer clients a much larger pool of trained interviewers.

Field forces are the great cost area of research, even though the mainly part-time housewives who collect information from the public, are paid a modest £5 plus a day, around half the going rate on the Continent. It is reckoned that field forces represent around 40 per cent. of total research budget, making this a £15m. a year business. But there are constant worries about the quality of the data which forms the basis of the research recommendations.

This spinning off of field forces into autonomous profit centres is part of a developing trend which could transform the market research industry. It enables clients to buy their field-work from a different source than the research firm chosen to draw up the proposals and report the conclusions. In theory there is no reason why other run-of-the-mill tasks, like the computerised digestion of the data, should not also be bought on the open market, making the research companies role more specialist—and less costly. A.T.

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THURSDAY, JUNE 17, 1976

# A decisive vote

YESTERDAY, as confidently expected, a special congress of the TUC endorsed by an overwhelming majority the recommendation of its General Council, that the unions should agree to another year of voluntary wage restraint in return for certain tax concessions. The result is important, and not merely in the negative sense that rejection of wage restraint would have led to a massive run on the pound. The unions have agreed to impose a voluntary ceiling on wage increases—a lower ceiling than before, in line with the falling rate of inflation—at a time when real disposable incomes have been reduced by a faster increase in prices than in earnings and when the rise in import prices caused by a falling exchange rate has still to work its way through to the *retail level. This is not an achievement to be lightly dismissed.*

It is all the more valuable, as the Bank of England suggests in yesterday's *Bulletin*, because recent co-operation between the *Government and the TUC has* probably had an enduring educative effect. Whatever happens to pay at the end of Stage two, most union leaders have now come to realise the close connection between the size of wage settlements and the level of unemployment in the country as a whole. With the size of the labour force tending to increase, continued restraint will be needed to get unemployment down to a tolerable level, which will probably still be higher *than we have been used to.*

### Competitiveness

Although the present £6 ceiling on wage increases has been very widely observed, earnings have risen rather faster than *this figure alone would imply* because of a number of special factors, notably the introduction of equal pay for women. There will be fewer such special factors at work in the next stage, though increased overtime work and the operation of piece-rates means that earnings are likely to rise by more than the theoretical 4½ per cent., even if restraint is as widely exercised as it has been in the present stage. With import costs rising, partly because of sterling depreciation, partly because of higher world commodity prices, restraint in labour costs—which *account on average for 50 per* cent. of the total—is essential to keep export demand buoyant.

The Bank of England estimates that on a long view the depreciation of sterling has roughly matched the higher rate of inflation in this country and that the price-competitiveness of our exporters probably worsened last year. The fall in sterling over the past few months, however, has completely altered this situation, and the Bank reckons that even if there is now some recovery in the exchange rate our exports could well remain more competitive than ever before. But the question is whether we shall have the productive capacity to take full advantage of this situation. This uncertainty provides another *reason for keeping domestic* consumption under firm control.

### Further action

If the recovery is gradual and based mainly on export demand and stockbuilding, as *the Government hopes, confi*dence in sterling may revive. If, however, recovery proceeds faster than the Government intends or than holders of sterling think healthy, other measures may be unavoidable. The Bank of England emphasises the need "to restrain the expansion of the money supply in relation to the growth of money national income" and records both the Chancellor's Budget undertaking to take action (not necessarily monetary) if the money supply began to rise too fast and his more recent undertaking to apply to the International Monetary Fund if any drawing on the new $5.3bn. facility could not otherwise be repaid on time. It also makes a point of mentioning that domestic credit expansion has been rising much faster than the money supply and suggests that "it may turn out that positive steps of a budgetary nature will be needed to keep demand—and, by the same process, the public sector deficit—within the bounds that the economy can accommodate." If such steps are needed, the understanding between the Government and the TUC is more likely to be endangered by an increase in taxation than by cuts in public expenditure.

# Why industry does not invest more

THE economists of the Bank of England, continuing their valuable work on profitability, have this month turned their attention to the cost of capital. Their findings are both unexpected and suggestive, and provide a new measure of the problems now facing us. As is well known, the rate of return on industrial capital has been falling steadily for fifteen years or more—and not only in this country but, as the Bank for International Settlements has pointed out, in the developed world as a whole. What is not so well known, but is now established for the U.K. by the new research, is that up to 1970 the cost of capital, measured as the total of dividend and interest payments, fell about equally fast, in the U.K. at any rate. In this sense it might be supposed that falling profits were not a problem until 1970.

### Concealed

The truth is, of course, more complicated than that. Falling margins were indeed posing a potential problem long before it became apparent; but the problem was concealed. The long-*lived cult of equity shares*, together with tax changes designed to discourage distribution, made it possible for a period to reduce the cost of new capital to industry, and the availability of low-cost capital encouraged low-return investment. Inflation and the end of the equity boom brought the problem into the open.

The result by 1975 was dramatic. The cost of capital (including retained funds) rose to nearly six per cent., but the prospective rate of return had fallen to three per cent., after tax, capital consumption and provision for stock appreciation. This simply reflects the Sandilands finding that industry as a whole had been pushed into loss last year.

The Bank of England paper also shows that while some helpful action has been taken since the crisis became apparent, it is not as helpful as may have been hoped. The tax relief on stock appreciation introduced 18 months ago relieved an intolerable burden, and must have saved many companies from insolvency; but it does not do very much to make investment (except in stocks) attractive again. The reason is that by relieving many companies of all liability to mainstream corporation tax, it greatly reduced the value of tax incentives for investment, which could only be set against future tax liability, and increased the net cost of fixed-interest borrowing.

Last year the Government and the TUC belatedly realised that a reduction in the rate of inflation was an *essential* precondition for any recovery. However, the TUC has only given fitful and half-hearted recognition to the uncomfortable truth stated by the BIS in its report: wage restraint will produce its most helpful result if it is designed and permitted to restore profit margins, and thus the incentive to invest. Union leaders call in alternate breaths for concessions to encourage investment, and for the continuation of tight price controls. They do not yet *seem* to understand that the real argument for relaxing price controls is not to enable firms to raise investment capital from their retail customers but to improve the prospective return on investment, however it is financed.

### Choked off

Still more important, however, is the fact that the Bank of England has turned attention on to the cost of capital. *The authorities*, like some monetarist economists, often seem inclined to assume that the rate of interest, especially if it is below the going rate of inflation, does not really matter: and more recently, that the lack of commercial demand for funds shows the necessity for a high Government deficit. The truth is that the size of the deficit chokes off industrial investment.



Geoffrey Owen and Terry Dodsworth analyse the prospects for Rolls-Royce Motors and L. Gardner in heavy diesel engines after yesterday's announcement of a Rolls-Royce stake in Gardner

# An unexpected link between two motor paragons

THERE is something richly appropriate about yesterday's announcement that Rolls-Royce Motors, whose name is identified with superlative *engineering quality and high* price, is linking up with a company which has a very similar reputation in a different field. For L. Gardner, the Eccles-based manufacturer in which Rolls-Royce Motors now has a 16.7 per cent. stake (the possibility of a full merger is under discussion) is undoubtedly the "Rolls-Royce" of the heavy-duty diesel engine business. It makes a six-and eight-cylinder in-line engine, mainly for trucks, which customers and competitors agree is the finest of its class in the world. Customers have been frustrated at times by Gardner's inability to supply in sufficient numbers, but it is a company where quality has always come first.

*Just what the link between* the two companies will achieve in manufacturing and marketing terms is not yet clear, but the background to it is the steady advance in the U.K., and even more on the Continent and elsewhere, of the heavy diesel truck as the most economical means of shipping goods over long distances. This is a market, moreover, in which British industry has a strong competitive position, both in the manufacture of the vehicle and in the *principal components, including* the engine. Rolls-Royce Motors clearly has its eye on the potential world demand for British-made trucks and British-made engines.

Twenty years ago the principal suppliers of engines for this market were Gardner and Leyland, which has always made engines for outside sale as well as for installation in its own vehicles. The customers, apart from Leyland itself, were *mainly the specialist independ*ent truckbuilders, such as Fodens, ERF, Seddon and Atkinson, which have never had the volume to justify the expense of designing and making their own engines.

*Towards the end of the '50s* the U.S. company, Cummins, seeing the attractions of the U.K. both as a market in its own right and as a base for exports, decided to build a factory at Shotts in Scotland to manufacture its well-tried in-line engines. This has been steadily expanded over the years and now has a capacity of around 10,000 engines a year, with about a quarter of its production going overseas. Partly because Gardner did not increase its capacity in line with demand—even now its potential output is probably not much more than 5,000 engines a year—and partly because Cummins offered the horse-power which truck manufacturers and operators wanted, the newcomer was able to carve out a place for itself among the independent vehicle manufacturers.

*Much the same sort of con*siderations brought Rolls Royce into the market. Until a decade ago this company had had no interest at all in commercial vehicle diesels. It started manufacturing in 1966, attracted, no doubt, by the fact that Gardner seemed determined to maintain production at a steady level and by the expected growth in demand for heavy trucks. The company is now reckoned to have about 18 per cent. of the market for heavy truck engines among the "independent" commercial vehicle producers—ERF, Fodens and Seddon Atkinson—which between them had sales of a little over 5,000 vehicles last year.

Rolls Royce also makes generator *engines and units for* military use—indeed something less than half of its production is for commercial vehicles. But since the diversification began into this market at its factory in Shrewsbury, it has expanded production to 4,300 units last year. This represented a doubling of output from the time the company was floated off following the Rolls-Royce crash in 1971, and only a few days ago it announced plans to double capacity yet again by the end of the decade.

Some people in the commercial vehicle industry seem to feel that Rolls-Royce's involve*ment in truck engines is some*thing of a peripheral activity to its interests in making units for military purposes. In fact, the announcement of the new range—a series of Vee engines delivering very high power—was very much concentrated on the potential for the military market. Nevertheless, there is no escaping that the company has established a useful position in the domestic U.K. market from scratch, and its strategy seems to be to develop engines that can *spread over different mar*kets. The technology in the new Vee engines will have application elsewhere.

Thus the line-up at the heavy end of the diesel industry consists of Cummins, Leyland, Gard*ner and Rolls-Royce and the* markets which they are serving is continuing to expand.

During the '60s the mass-production vehicle manufacturers, particularly Ford, began to move up the horse-power range and to encroach on the territory hitherto dominated by Leyland and the independents.

Rather more disturbing, from the British manufacturers' point of view, was the invasion of the U.K. market by the main European heavy truck producers, led by Volvo but including DAF, Scania-Vabis, Mercedes, and others. Both the engine and the truck manufacturers had been *surprised by the rapid growth* in demand and they simply did not have the capacity to supply it: a crippling strike at Gardner's factory in the early months of 1973 made matters worse. There was a period in which almost half the heavy *truck market was in the hands* of importers, but in the past year or so the situation has to some extent been corrected. Although Volvo still has a strong position, sales of other imported models have fallen back, while the U.K. manufacturers — both the independents and the "majors," especially Leyland — have improved their production performances and, in several cases, have introduced some competitive new models.

If this improvement is maintained, the prospects for the engine builders, too, should be bright. *Fodens appears to have* overcome its financial crisis, and there is no reason why independent specialists like this company and its Sandbach neighbour, ERF, should not survive in the business.

Moreover, even for the big companies like Ford and Leyland, the economics of going to an independent engine supplier are evidently attractive, quite apart from the possibility that a fleet operator may sometimes insist on an engine of his own *choice. Even Leyland offers the* Cummins and the Rolls-Royce engines as alternatives to its own in the new Marathon truck.

It is not only the automotive market which the engine builders are supplying. There is a growing demand in earth-moving equipment and in a variety of industrial applications. Gardner has traditionally been strong in the marine field, while Rolls-Royce has done well in electricity generating sets.

*Whether the link between* Rolls-Royce and Gardner will strengthen this competitive ability remains to be seen. Gardner is an unusual company in several respects, not least in its production methods—it is more vertically integrated than most other companies in the field—and in its extensive use of aluminium rather than cast iron in engine manufacture. There is a high degree of manual skill in the Gardner engine and to a large extent the quality of the product stems from the experience of the skilled men in the factory, many of whom are long-time employees.

Thus although Rolls-Royce's products may be complementary to those of Gardner, the scope for physical rationalisation between the two companies may well be limited. Indeed, if there is too much tampering with the Gardner product, customers may no longer regard it as a Gardner and the basis of the company's success could be undermined.

Rolls-Royce has been aggressive in overseas markets, exporting about 36 per cent. of its engines. In the commercial vehicle field it supp[lies] the Finnish manufactu[rer ...] is linked with both B[...]land and Scania. Ga[rdner ex]ports about 30 per cen[t. of its] *production*, but in th[e auto]motive field it has bee[n prim]arily a British supplier.

The differences in ph[ilosophy] between the two compa[nies are] well illustrated in their [...]ing attitudes. Both [...] *strongly that there is* [...] for the so-called "propr[ietary"] manufacturer in the com[mercial] vehicle industry—the [...] skilled component manufa[cturer] who supplies the vehicle a[ssem]bler. In Britain there is a [...] tradition of this appr[oach,] although the emergence [of] larger groupings among ve[hicle] assemblers have sometimes [been] taken as evidence that the [...] manufacturer will begin to [ex]pand his range of activities.

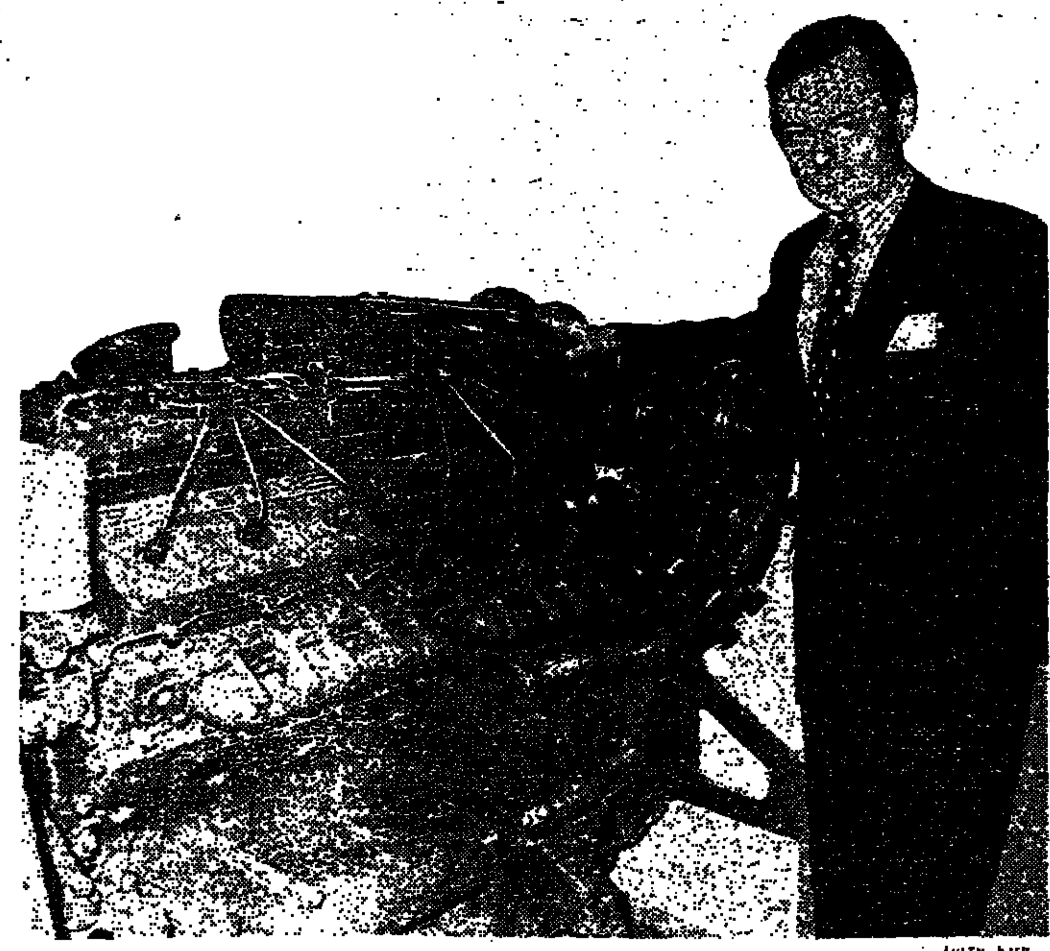
Clearly there is a potent[ial] problem for manufacturers li[ke] Gardner and Rolls-Royce if so[me] of the smaller vehicle assem[b]lers are swallowed in more me[r]gers or else disappear—as Fodens almost did last year. But Gardner argues that there will always *be someone wanting its* engine as long as it does not get over-ambitious in expanding capacity and on past evidence it is right.

Where Rolls-Royce has gone further is in planning for an ex*pansion in proprietary use on a* European scale. This is a brave interpretation of current trends because up to now few Continental manufacturers have bought-in any of their major components. Companies like Mercedes pride themselves on making almost every significant component in-house: indeed all the big continental manufacturers—like Mercedes, Fiat, Magirus, MAN, Volvo and Scania—make their own engines.

However, Rolls-Royce believes this will change. In the U.S., certainly, there is widespread use of proprietary units, and Europe tends to follow American trends.

Both companies have the technical skill to make inroads on a European scale if that becomes possible. For Gardner there are some doubts about its future developments: its eight-cylinder engine was too large to go into the British Leyland Marathon, and if the Government allows the U.K. weight limit on trucks to go up from 32 tons to 38, it may need to develop the engine further. It is thought that efforts to supercharge the unit have not been very successful.

The question the two companies now have to settle for themselves is whether they can best sort out these problems together or apart.



Terry Kirk

Mr. David Plaistow, managing director of Rolls-Royce Motors, with the CV 12 TCA, one of the new range of diesel engines just announced.

### THE GARDNER PROFIT RECORD

£000's

| | 1971 | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|---|
| Turnover | 9,465 | 9,714 | 6,360 | 8,819 | 12,661 |
| *Pre-tax profit* | *1,511* | *1,452* | *439* | *854* | *753* |

A lengthy labour dispute in 1973 had a serious effect on the company's profits in that year. Last year the profits were less than half those achieved in 1971.

# MEN AND MATTERS

## Hornby inherits FMF hot seat

Derrick Hornby, chairman and chief executive of Spillers Foods since 1973, is to become the next president of the Food Manufacturers Federation. It will be announced to-day that he is to succeed the current president, Ron Halstead of Beecham Group, at the end of his year.

The appointment will put Hornby in a hot seat since the FMF, partly in co-operation with and partly in competition with, the Food and Drink Industries Council is right in the forefront of dealings with Shirley Williams on the treatment which the food industry has received and should receive under the Price Code.

Halstead will have done a three-year stint when he hands over to Hornby and in that time he has made considerable progress towards making the FMF a powerful spokesman for the industry. Under his leadership the FMF has graduated from a traditional, fairly weak, trade *federation into a body which can* now back up its arguments with carefully prepared statistics gleaned from previously reluctant members: negotiations on successive stages of the counter inflation policy have proved that the need to present government with convincing industry figures is more important than inter-company rivalry.

Hornby, who admits that he will be taking over at a difficult time for the food industry, is prepared to do the three year stint which is becoming accepted practice at the FMF, but reckons that it will be "a hard graft job." Nevertheless he could be a good choice as the man to build on the foundations which Halstead has established.

Hornby's background is in marketing, and he came to Spillers via a successful period with Eden Vale. At Spillers he continued his philosophy of heavy brand advertising, but combined this with close attention to getting the best out of the production side of the business. With almost six months to go before he actually takes over Hornby is reluctant to be specific about the way he will guide the FMF, but undoubtedly he will take the machinery which Halstead has helped to forge and will use it aggressively.

Currently the food industry needs as much of a hard sell as it can get. Traditionally it has operated on a low return on capital employed, and price restrictions in this sensitive area have eroded these margins still further. Although many companies in the sector are reporting good paper profits few are keeping up with inflation, while the falling value of sterling is playing havoc with raw material costs. These are the major problems but perhaps Hornby's most delicate task will be to help eliminate the wasteful rivalry which exists between the myriad of trade associations within the food industry.

"*Test score*: we are pleased to announce that you will not have to pay any extra for this service during the series."

## Mormon money

Unlike many of its spiritual competitors, the Church of Jesus Christ of Latter-Day Saints—the Mormons—exudes an air of prosperity. It is supported by a tithing system among its 3.6m. members; there are also business interests and no paid ministry. But the Mormon leadership keeps a coy silence on the details of its finances.

The church is, however, expressing guarded optimism on the chances of an unexpected $150m. cash inflow. That is the sum which the late Howard Hughes apparently bequeathed *the Mormons, though of course* considerable wrangling has developed over the millionaire's will (or rather wills). The Mormon president, 81-year-old Spencer Kimball, allowed himself a few chuckles on the subject during a visit to London yesterday. "We were as surprised as anyone was," he said, adding with the realism of a man used to American ways that he supposed "attorneys could get most of it."

The Mormons claim to be the *fastest growing denomination in* America with a membership increase last year of 21.5 per cent. If the trend continues, they will be the fifth largest Christian church in the States next year. Expansion worldwide is also rapid. Kimball, here to preside over an area conference, said there were 6,000 "meeting houses," 20 temples (including the British one in Surrey): also two new Mormon buildings were being dedicated somewhere every day.

U.K. membership has grown to more than 100,000. One intriguing sidelight on our financial state is the proportion of moneys for development originating here as against America. In most countries, the American brethren put up 70 per cent. and the locals 30 per cent. However, the contribution raised in Britain is only 20 per cent., a result mostly, Mormon leaders explained, of our high taxes.

An interesting figure in Kimball's entourage yesterday was David Kennedy, U.S. Treasury Secretary in Richard Nixon's first term, and now "special representative" for the Mormon leadership on international affairs. Kennedy rose to be chairman of Continental Illinois Bank before switching to Nixon's cabinet. After leaving the Treasury he became a roving ambassador on economic affairs.

These days he handles the myriad of overseas problems faced by the conversion-minded Mormons and their 23,000 missionaries, an unpaid army often so irritating to the unsympathetic.

Some Mormon principles raise particular antagonism, especially founder Joseph Smith's edict that Afro Blacks and *women should be banned from* the "priesthood." Kennedy, a missionary in Liverpool in the 1920s, said it was mostly the Press that raised the complaint: when president Kimball was pressed on the subject, he replied: "The Lord will have to explain that."

But when it came to the topical question of public morality Kimball was easier to follow. He recalled a Biblical line that covered the case: "Thou shalt not commit adultery."

## Are any?

Question begged. A Regent Street post office sign reads: "This is not a normal serving point."

*Observer*

ECONOMIC VIEWPOINT

BY SAMUEL BRITTAN

# A cash ceiling for the whole nation

JOY SHALL be in heaven over ne sinner that repenteth, more nan over ninety and nine just ersons which need no repent-nce." I have always felt this uotation from St. Luke Chapter V a little unfair towards the ighteous.

But the question this week is hat attitude to adopt to a inner that flieth a kite towards ighteousness. The issue is aised by a sentence in the June ank of England Bulletin, hich states: "There may be a ase for expressing the rate of xpansion to be aimed at in erms not of the expansion of eal output but of the growth in ioney national income."

A few readers may remember nat a little while before the 6 pay limit was announced on une 12, 1975, I put forward ne suggestion that "the reasury and Bank of England iould aim to stabilise the ioney (or nominal) National roduct. *This can be controlled* rough regulation of the public ector *deficit* and the *money* upply; and there is no need to e dogmatic over the appro-riate combination."

After decades of downgrading ionetary influences, the Bank of ngland has come out with an lentical suggestion. If taken eriously, it could revolutionise emand management in Britain.

Nevertheless, the answer to y original question about the ppropriate reaction to the inner flying a kite, is probably highly modified rapture" or a pale beatific smile." For it s still only a kite. It has yet o become Bank doctrine, let lone Government policy, and e tested in unfavourable cir-umstances.

It is no accident that the riginal suggestion was brushed aside in the tide of enthusiasm for incomes policy. Nor is it an accident that it has received an official nod on the morrow of the TUC Special Conference on the "4½ per cent." limit. For the background to the Bank suggestion is that the present cycle of incomes policy reached its highest peak of possible influence with yesterday's overwhelming endorsement.

Both Mr. Denis Healey and the much-courted Mr. Jack Jones have publicly hinted at a return to collective bargaining next year. Even if some framework remains, incomes policy enthusiasts are reconciled to it being "much looser." In other words, it will from now on be downhill all the way on the incomes policy front. But all is not yet lost.

The point of the Bank's suggested money national income limit is to formalise the link between wage settlements and employment. If adopted, it would become obvious that the higher is the rate of increase of money wages, the lower will be the level of employment.

Clearly the hope behind the money income limit is that the unions would not cause needless unemployment through their wage behaviour. Ideally, the target would work through expectations. To take some extremely hypothetical figures: if money national income and output are to grow at 10 per cent. when real output is growing at 4 per cent., then provided the policy carried credibility, the inflation rate would, as a matter of arithmetic, be about 6 per cent. If the policy carried credibility, it could itself be expected to influence wage settlements.

The best way of explaining the money national income limit is to think of cash ceilings for the whole economy. Indeed, cash ceilings make more sense for total national spending than for Government expenditure alone. For if wages and prices move more rapidly than expected in the private sector, the public sector is bound to follow suit. A cash ceiling for the whole economy means that the authorities would put a limit to the total flow of spending and therefore to the money value of output. Wage increases in any industry, public or private, in excess of the target would mean lower wages in other sectors, or more unemployment.

How does this suggestion differ from the more usual one of a target in terms of the quantity of money? The basic point is that the quantity of money is a stock, while the money national income is a flow.

If M is the quantity of money and V the velocity of circulation, the object is to stabilise MV.

The great advantage of stating objectives in terms of monetary demand or MV, is that it focuses on essentials. The flow of spending is what sensible monetarists want to stabilise. The question of whether the monetary flows enter the economy through the Budget or the banking system is a secondary issue from an overall standpoint. A formulation in terms of MV also cuts the ground from politicians who ask incessantly "What about velocity?" without being in the least bit interested to stop to wait for an answer.

The most plausible objection to the money income limit is "What happens if some union group, such as the power workers, who face a demand for their product which is not very responsive to the price charged, use their monopoly power to obtain a large wage increase? The resulting unemployment will be borne not by them but by other workers."

Undoubtedly. But this is a fact about any increase in the use of union monopoly power, irrespective of monetary and fiscal policy. The power workers are able, under the existing rules of the game, to force other workers to accept lower real wages *or go on the dole*. A money income limit simply brings this reality out into the open.

It is then up to the rest of up to see whether we can alter the rules of the game, persuade the stronger groups to act "as if" they were in a competitive labour market, or live with the abuse of monopoly positions. The dilemma is not created by the monetarists of any school: their approach would simply make the real problem more visible.

The more technical question is the mixture of policy instruments that can be used to *control the flow of money income* and expenditure. Given the novelty of the Bank's suggestion and the breach with established British ways of thinking implied *by it, I do not think that one* could take a money national income objective seriously unless it were coupled with a firm target for the money supply *itself*.

We do not have sufficient ability to predict velocity to take risks with the money supply in the hope that velocity will fall. The best way to influence velocity is to allow the public sector deficit to fluctuate automatically above its target level in a slump and below it in a boom. If governments insist on going beyond such automatic stabilisers and try to "manage demand" through the Budget, *it is all the more important* to have a money supply limit as a long stop.

The quibbles about interpreting monetary movements rehearsed in the June Bank of England Bulletin are not a sufficient reason for failing to state definite objectives. The Bank sometimes give the impression that the weaknesses in its own definitions and measurements are the fault of outside critics.

*Short term divergences* between the movement of different indicators would not worry one if one had any confidence that there was a longer term path to which they were being held. As for the words to put into Mr. Healey's mouth last week, about the difficulty of seasonal corrections in the U.S., the only surprise is that the Chancellor agreed to use such a feeble argument.

If the authorities were serious *about controlling the money* supply, they would have targets for several different definitions to safeguard against leakages; and the more generous range *of permissible movement, the* greater should be the number of monetary aggregates put under control.

The immediate future will not be determined by the intellectual fate of the Bank of England's kite, but by the balance between the desire to please the TUC and keep the Labour Party together on the one hand, and the pressures from international creditors and the sterling market on the other.

It is also obvious that the Chancellor quite welcomes the pressure to fix a money supply target, as this deflects some of the pressure for immediate public spending cuts, and appears to split his critics into different camps

Although different philosophers of economic management will have very little impact on what the Government does next week or next month, *there is nothing more unrealistic* than to underrate their longer run influence on the way in which people think, the alternatives considered and even *the cliches used*.

There is no certainty that the U.K. will have to go to the IMF. There is no certainty about the ability of the Fund to influence our affairs once credit is granted. Even if there were drastic curbs in public spending, an emergency Budget, or other measures, they could easily be reversed once the crisis is over—just as the Heath Government reversed Mr. Roy Jenkin's sound money policies.

If we are interested in avoiding similar crises to the present, at higher and higher rates of inflation and unemployment, the Bank of England's suggestion for national cash ceilings is far more important than the exact set of measures next taken by the Chancellor.

The other Chancellor (of the Duchy of Lancaster), Mr. Harold Lever, in a little noticed speech at the Royal Academy Dinner on May 5, spoke of the danger that some (unnamed) people would wish to follow up the present temporary form of incomes policy "with a detailed blueprint for determining all wages and prices by Government fiat." (*The main advocates* of this are not incidentally on the Left.) He asked whether the loss of liberty would not be too high a price to pay (especially, I would add, as it would not even banish inflation, bring "social justice," but just create a stagnant nosey parker's paradise). Mr. Lever called instead for "a free market operated with self-discipline."

National cash ceilings could provide such a framework for self-discipline; and money supply *objectives could help to* implement them. A modest first step would be for the Bank of England to adopt in serious vein the suggestion it has just *launched*.

**INFLUENCES ON THE MONEY STOCK ($M_3$)**

The public sector borrowing requirement was the main expansionary influence on $M_3$ in 1975-76.

| *£ millions* | Financial years 1974-75 | 1975-76 |
|---|---|---|
| Public sector borrowing requirement | +7,922 | +10,546 |
| Purchases (—) of public sector debt by non-bank private sector | −4,157 | −5,348 |
| Lending to private sector: | | |
| In sterling | +2,542 | −579 |
| In foreign currencies | +573 | +625 |
| DCE (a) | +6,925 | +5,297 |
| External items | −2,770 | −1,788 |
| Other | −626 | −402 |
| Money stock ($M_3$) | +3,484 | +3,054 |

(a) Domestic Credit Expansion is the sum of the items above this line with two adjustments: the exclusion of bank lending to the U.K. private sector in foreign currencies for investment overseas, and the inclusion of bank lending to overseas residents in sterling.

Source: Bank of England Bulletin.

Mr. Harold Lever: "free market . . . with self-discipline."

# Letters to the Editor

## Bearing the burden

*From Dr. E. Craven.*

Sir,—Joe Rogaly suggests that £1.6bn. could be chopped off our housing bill next year in the search for public expenditure cuts. This would be done largely by putting up council rents to save housing subsidies and by more or less stopping new public sector housing investment. He does not, surprisingly, point out the consequences of this course of action.

The first will clearly be on inflation. The average council rent is due to go up by £1 a week next year anyway. Mr. Rogaly's suggestion would at least double that amount. While he may have a case that council tenants should pay more in the long run, the short-term direct consequences on our inflation rate have to be taken into account and what this implies for *external confidence*), as well as the symbolic attachment which the labour movement, including the trades unions, attach to council rent increases.

The *second consequence* is in employment. Unemployment is already high in the construction industry: cutting public housing investment to the bone would simply make it much worse. Moreover many firms specialise in house construction and it is difficult to see them speedily switching over into either private housebuilding or into other private building activity.

Any public expenditure cuts will of course unavoidably lead to some inflation and some unemployment. Assuming that there will have to be cuts next year, there is a strong case for not concentrating them in this fashion. Besides disrupting the housing service, Mr. Rogaly is also piling the whole burden on one or two sectors of the community—council tenants, building workers and the poorly housed (who probably overlap to some degree too). Simply in terms of equity and the general political management of the effects of cuts, it is more sensible to aim for as wide a spread of losers as possible.

E. Craven.
Centre for Studies in Social Policy.
62 Doughty Street, W.C.1.

## Engineering training

*From The Chairman, J. N. Rowen.*

Sir,—I have read Elsbeth Manguin's articles on training boards for the past ten years (and I still do not know whether she is a Miss, Mrs., or, God forbid Ms.). Her report (June 9) that the Engineering Industry Training Board is asking for more money from industry, alarms me as I have been very critical of the Board since its inception, but after the introduction of the 1973 method of levying I was fairly satisfied.

If the Board does try to get more money out of us then my present kindly feelings towards it will be disrupted and, although I am an old man, I shall have to go into training for another fight.

I cannot see that the colossal amount of money handled by the Board over the past 10 years has greatly improved training compared with that I received . . . years ago. My particular interest is in structural engineering training where recently we have had problems in arranging classes for advanced students because of insufficient numbers at any one particular "Tech" to form a class. This is due to the multiplicity of colleges all over the country, whereas in my training days only large towns had a technical college and students travelled to it from 15 miles, or more, away (despite lack of personal transport, pushbikes excepted) and so there were always sufficient students to fill the classes.

Since Ted Heath stopped price maintenance, coupled with the depression in the construction industry, structural engineering has not been very profitable, an average profit of less than 5 per cent. per annum over all the industry does not leave much scope for future investment, let alone more pickings for the EITB.

Very few new trainees are being employed at present due to the depressed state of the trade, and I suggest that if the EITB wants us to train for the hoped-for "boom" then it can only be done if the Board pays to us the full cost of their wages.

However desperate the need, I doubt that even Barbara Castle would have advocated taking blood from an anaemic.

J. N. Rowen.
Fulwood Road South,
Sutton-in-Ashfield, Notts.

## Inflation accounting

*From Mr. D. Mallinson.*

Sir,—Lex sets out the arguments for and against the protection of monetary assets (and correspondingly the benefit of liabilities) under inflation accounting fairly and succinctly in his article "Shareholders should join this debate" (June 14). The ultimate question is: "Who foots the bill for industry's inflated costs?" and there are as many answers as there are points of view. Herein lies the justification for embracing the widest possible range of interests in the debate.

Sandilands puts this burden fairly and squarely on the company itself (insofar as not recoverable from the customer) by striking an operating profit after meeting these increased costs, and then handing back in return what might be an encashable voucher in the shape of holding gains which reflect the increased money values of the company's physical assets held during a rise in prices. In other words, the holding gains are merely the balance-sheet representation of the maintenance burden assumed in arriving at *operating profits*.

Whether the company can rid itself of part of the inflated maintenance burden will depend largely on the encashability of its holding gains which, in turn, will depend on the credibility attached by lenders to its enlarged borrowing base. Higher asset values under Sandilands do not necessarily presage higher *returns or even the maintenance* of existing rates of return, but merely the ability to realise by sale or use as least the amount at which the assets are stated. Credit — including trade credit — is not a free commodity, and enlarged assets may be a snare for the unwary if the effect of encashment (or additional borrowing) is the dilution of operating profits and the cheapening of one security by the issue of another. Companies, any more than countries, cannot print money with impunity! Indeed, the predominant reason for the virtual rejection of the bond market by British industry in recent years, despite its tax advantages, and the overwhelming preference for the rights issue must surely be the fundamentally protective nature of the investment and the doubt surrounding its capability of generating positive returns against a background of high interest rates and low profit margins.

It would be folly to curtail dividends unnecessarily and thus shut off a vital source of funds by ignoring the availability of borrowed funds which can be serviced out of enhanced revenues and without detriment to the value of existing securities. But this involves caution in profit projections and care in formulating rules on holding gains distribution rather than a realignment of Sandilands-*style operating profits*. Availability of funds involves different risk considerations from the measurement of profits. As for trade credit given, that is surely an asset to be maintained in the same way as physical assets.

Derek Mallinson.
188, Whyteleafe Road,
Caterham, Surrey.

## Consigned to the notes

*From Professor C. Kennedy*

Sir,—In the Lex Column (June 14) current cost accounting is interpreted as representing in effect a switch from a *proprietary* (that is shareholders') view of the company accounts to an *entity* view, in which no separation is made between the shareholders' and the creditors' interests. If this were indeed the result of the Sandilands recommendations, one would have rather less objection to them. In fact, the Sandilands Committee proposed something different and much less defensible, namely that a *proprietary* view should be taken on one side of the account and an *entity* view on the other. If adjustments in respect of net monetary liabilities are to be consigned to the notes to the accounts, then to preserve consistency interest payments, which on an *entity* view of the company do not come into the reckoning, ought to be consigned to the notes as well. One has only to suggest this, however, to realise that it would be far *more satisfactory for the information* to be presented in the main body of the accounts that would enable both an *entity* view and a *proprietary* view to be taken.

If Lex is right about the current thinking of the Morpeth Steering Group, it is very much to be hoped that the Group will think again.

Charles Kennedy.
26, Ethelbert Road,
Canterbury, Kent.

## 'What I choose it to mean'

*From Councillor W. Shepherd*

Sir,—As a frequent lecturer *on statute law matters I become* increasingly aware of the obstacles to true democracy which are cunningly inserted into acts of Parliament, and the latest ploy by Mr. Mulley over Tameside ought to be a real warning to MPs of the democratic party to keep their eyes skinned for the key words. Such phrases as "as the Minis*ter thinks fit*" or "in the opinion of the Minister" or "unreasonably" or "adequate" (!) or "as appear to him to be expedient" indicate that democratic principles are about to be completely by-passed, as in the wretched Tameside case.

There can be no appeal against Mr. Mulley's decision. He has been given (by a Tory administration, under the guidance of Lord "Rab" Butler), an absolute discretion, and the unfortunate fact is that a whole area's decision has, by the unfortunate wording of an act, been set aside. S.68 of the 1944 Act says, in effect, "if you, Mr. Mulley, consider that the majority council has acted unreasonably, you have the absolute right to stop them." And since he is obviously swayed by political motives, this is what he has done. The interpretation of the term "unreasonably" is a matter for the Minister, and for no one else, and the only appeal to a Court must be based on whether his directive is within the terms of the section. Clearly—unfortunately—it is.

It is highly likely that the section was inserted into the Act to stop councils acting un*reasonably, and it could not* have been foreseen that Ministers can be more than unreasonable. The precedent has been set, however, and post-1965 Acts are littered with what the socialists would no doubt call "consumer safeguards." The present fracas has shown that these safeguards are a menace to our democratic processes. Used to excess they can nullify thousands of words carefully mulled over, in committee and report stages of public bills, unless our elected representa*tives are made especially aware* of the hidden menace. The warning would not be necessary if we had real statesmen in power, but unfortunately we haven't.

W. F. Shepherd.
4, Asher Reeds,
Langton Green,
Tunbridge Wells.

## Electoral reform

*From Mr. A. Smith*

Sir,—Surely even David Watt (June 11) must accept the absurdity, injustice and rank inefficiency of an electoral system which can produce a situation where the Labour Party can poll 43 per cent. of the total vote, as in 1970, and has constitutionally to endure opposition and yet four years later, with the poll of only 39 per cent. (that is, it having been deserted by virtually one in ten of its supporters), can find itself able to push through Parliament quite constitutionally measures which are anathema to all other parties combined—in particular the two major opposition parties who between them command over 54 per cent. of the total vote.

Does he not believe that laws so enacted (a number of which are also probably supported by only a minority of Labour voters) are likely to bring the whole concept of the rule of law into disrepute? The Conservatives have already promised to repeal many of them as and when they return to power.

We need to break the present over-weaning power of the party machines by having a fixed term for Parliaments and a Bill of Rights along with other entrenched constitutional safeguards. The first step, however, must be to introduce a proportional system of election, preferably by the single transferable vote, which in itself will go far towards curbing the power of the party machines and giving the country truly repesentative government.

A. F. Smith.
14, Wensleydale Road,
Hampton, Middlesex.

## The danger now

*From Mr. B. Lewis.*

Sir,—I am concerned that the case for electoral reform seems to get such short shrift from politicians, however understandable in terms of worldly power that may be.

There seem to me to be two arguments. The first concerns the meaning of democracy. There can be no shadow of doubt that in a democracy the majority of citizens should be in a position if they so desire to appoint the Government of their country. The majority are not in this position to-day.

Second, if it is right that minorities do not have to respect the wishes of the majority, and can, ignore or subvert the accepted rules, then it is right not only for the existing minority political parties, but for others as well. It is clear that the breakdown in our society can already be attributed to a wide-spread belief—not the least among established politicians—that one's own beliefs held sufficiently strongly transcend any possible opposition.

Once democracy goes by the board who is to say that there are not minorities which could rule better than those minorities already in power. That is the danger now!

B. A. Lewis.
47, Woodlands Avenue,
New Malden, Surrey.

## Commission structure

*From the Chairman, Universities Assurance Services*

Sir,—The recent decision of the Life Offices Association to postpone the introduction of a premium related commission structure should come as a welcome relief not only to all life brokers but also to the Department of Employment. Such a change as was originally proposed would inevitably lead to large-scale unemployment in the life assurance broking industry. The younger generation or for that matter those with little money to spare, will now still be able to obtain professional advice.

E. D. Sarra,
Royal London House,
17, Finsbury Square, E.C.2.

## Nashville culture

*From Mrs. E. Ingram*

Sir,—Although Mr. Rogaly's article (June 2) describing the economic growth in the southern United States—which he appropriately terms "The Sunbelt"—was excellent in most respects, I should like to point out that "the cultural amenities" he found lacking in Nashville will be available in just two and a half years. A combination of tax dollars and private donations is making this giant step possible.

Our three-theatre complex is very similar to the new National Theatre in London (2,400-seat music theatre; 1,000-seat drama theatre; 300-seat multi-purpose theatre). The State of Tennessee has appropriated $36m. for the building in downtown Nashville (the State capital) which will house a fine arts museum, in addition to performing arts facilities and support spaces—with a tower above all for various Government departments. Never in The United States has a State Government built such an arts complex.

It is also unique to have a $8m. private endowment—col*lected while construction goes* forward—the income to be used to programme the performing arts portion. To our knowledge this has never been done before anywhere. We have already raised over $4m. of our $6m. goal.

So you see that we are very proud of this effort. We have been working now for four years but when complete, we shall be part of the international scene the same as the National Theatre (England), the National Art Centre for Canada (Ottawa), Kennedy Center in Washington, D.C., Lincoln Center, etc. We will have all the best for both artists and audiences.

Martha R. Ingram,
Co-ordinator/Originator,
Tennessee Performing Arts Foundation.
4304, Harding Road,
Nashville, Tennessee, 37205
U.S.A.

# To-day's Events

**GENERAL**

Mr. Ron Hayward, general secretary, Labour Party, addresses Labour Women's annual conference, Folkestone.

Mr. Michael Heseltine, Opposition spokesman on industry, is lunchtime speaker at British Institute of Management conference on "The Economic Prospect—Charting a Course for Recovery," London Hilton, W.1.

**PARLIAMENTARY BUSINESS**

House of Commons: Debate on developments in EEC.

*Commons Select Committee.* Race Relations and Immigration. Subject: The West Indian Community.

House of Lords: Fatal Accidents Bill, report stage. National Health Service (Vocational Training) Bill and Police Bill, second readings. *Debate on conclusions of recent* UN Conference on Trade and Development (UNCTAD).

**OFFICIAL STATISTICS**

Index of industrial production (April).

**COMPANY RESULTS**

Baker Perkins (full year). Chloride (full year).

**COMPANY MEETINGS**

Alginate Industries, Charing *Cross Hotel*, W.C., 12. *Boustead*, Wootton, Bedford, 2.45. Croda International, Connaught Rooms, W.C., 12. Crossland (R and A. G.), Birmingham, 12.15. G H P Group, 87-113, Tooley Street, SE., 12.30. Greenbank Industrial, Clayton-le-Moors, Lancs., 12. Industrial and General Trust, Winchester House, E.C., 12.45. King and Shaxson, 52, Cornhill, E.C., 12. Laing (John), Wembley, 2.15. Martin (Albert), Nottingham, 11.30. Metal Closures, Inn on the Park, W., 12.15. Perry (H.) Motors, 89, Pall Mall, S.W., 12. Porter Chadburn, Liverpool, 12.15. Scottish Mortgage Trust, Edinburgh, 10.30. Tanjong Tin Dredging, 65, London Wall, E.C., 2.15. Usher-Walker, *Connaught* Rooms, W.C., 12. Vickers, Millbank Tower, S.W., 12. Woodward (H.), Liverpool, 3.

# COMPANY NEWS + COMMENT

## Chubb profit expansion to £11.8m.

Turnover of security group, Chubb and Son, expanded from £108.12m. to £133.36m. in the year to March 31, 1976, and pre-tax profit advanced from £9.08m. to £11.77m., after £4.38m., against £3.73m. at halfway.

Earnings per 20p share increased from 9.83p adjusted to 11.15p for the year, and the dividend, on capital increased by the July rights issue, is stepped up from 2.8545p to 3.12154p net, as forecast, with a final of 2.00154p.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| **Group turnover** | 133,364 | 108,119 |
| Trading profit | 14,3[illegible] | 10,976 |
| Net interest | 1,700 | 1,916 |
| Share associates | 81 | 22 |
| **Group profit before tax** | 11,766 | 9,062 |
| U.K. tax* | 1,657 | 2,9[illegible] |
| Overseas tax | 2,[illegible] | 1,741 |
| Tax associates | 36 | 14 |
| Outside holders | 780 | 624 |
| Attributable | 4,8[illegible] | 3,79[illegible] |
| To deferred tax | 299 | — |
| Dividends | 1,490 | 1,102 |
| Capital red. reserve | 10 | 10 |
| Retained year | 2,979 | 2,680 |

* After double tax relief

### ● comment

The rate of profits growth at Chubb and Son doubled in the second half to 38 per cent., mainly through strong overseas demand. Over the whole year, exports rose by over a third and overseas sales now account for 60 per cent. of total turnover and 63 per cent. of profits. In the U.K., meanwhile, margins slipped slightly as costs continued to rise ahead of prices. The £6m. rights issue last August has helped to reduce borrowings and finance a new factory which has started to come on stream, and provided plenty of capacity for growing demand in fire-resistant office equipment. Prospects for the current year seem good with continued demand abroad and signs of a pick-up in demand in the U.K. The shares rose by 8p yesterday to 114p, where the p/e is 10 and yield is 4.5 per cent.

### INDEX TO COMPANY HIGHLIGHTS



## Overseas boost for CompAir

FROM SALES up by more than £8m. to £48.15m., pre-tax profit of CompAir improved by £0.34m. to £3.44m. in the 26 weeks ended March 28, 1976—for the full year to September 28, 1976 profit was a record £7.3m.

First-half results reflect a further increase in the value of the group's overseas earnings and indicate an emergence from recession in a number of major export markets, say the directors. Generally, however, difficult trading conditions have prevailed across the industrial, construction and mining sectors.

The trend in orders received over recent months "has also been encouraging." Major U.K. manufacturing plants are operating at below the high production levels of last year but the group has maintained its ability to react quickly to improvements in the order intake. The outcome for the current year now depends entirely on the rate of increase in world-wide demand, they add.

To reduce disparity the interim dividend is being raised from 1p to 1.2p net per 25p share—last year's total was 3.1p.

| | First half 1975-76 £ | 1974-75 £ |
|---|---|---|
| External sales | 49,131,422 | 39,761,170 |
| Trading profit | 3,409,435 | 3,049,164 |
| Interest paid | 1,065,900 | 1,144,011 |
| Depreciation | 987,149 | 804,529 |
| **Profit before tax** | 3,440,377 | 3,100,324 |
| Group | 3,430,543 | 3,129,801 |
| Assoc. | 9,834 | †29,477 |
| Taxation | 1,573,236 | *1,395,160 |
| Minorities | 214,754 | 143,915 |
| Extraord. credits | 182,619 | 60,064 |
| Attributable | 1,835,026 | 1,455,315 |
| Group | 1,825,192 | 1,457,671 |
| Assoc. | 9,834 | 4,356 |
| Interim dividend | 334,974 | 276,755 |

* Includes £291,000 assoc. tax credit. · Group profit on sale of land and investment £182,619 (£27,234). † Loss.

### ● comment

CompAir's interim pre-tax growth of 11 per cent. is slightly above expectations, but includes a fair portion of exchange gains: about three-quarters of turnover is from overseas operations. Performance was patchy, with setbacks in Iran and South Africa while the U.S. and Australia held up well. Germany improved, and in the U.K. there has been some recovery since the first quarter. Meanwhile, Iran is also now recovering and prospects are for a similar rate of pre-tax growth overall in the second half, making a full-year total of around £8m. A bigger increase could have been expected, but for the devaluation of sterling which would raise interest charges on long-term borrowings (about 60 per cent. of the total of £10m.) denominated in foreign currencies. At 76p the prospective p/e is 10.5 and the maximum yield 7 per cent., covered just over twice by projected earnings.

## Downturn at Highgate & Job

Pre-tax profits of Highgate and Job Group slumped from £260,781 to £68,500 in the year to March 31, 1976 after £33,000, against £183,100, for the first half. Turnover for the year fell from £7.3m. to £6.43m.

After tax of £34,830 compared with £146,415, earnings are shown to be down from £2.4p to 3.7p per 30p share. The dividend total is cut from 9.22p to 2p net, the final payment being 1p.

The Board states that the disappointing result is due to difficulties at the proteins division in Liverpool continuing longer than anticipated, exacerbated by a loss of some £16,300 incurred on a single foreign contract now completed. Steps have been taken to overcome these difficulties, members are told.

## Triplex advances to £1.44m.

ON SALES up from £19.97m. to £21.7m., pre-tax profit of Triplex Foundries Group advanced from £1.35m. to £1.44m. in the year to March 31, 1976, after £0.68m., against £0.58m., for the first half.

The final dividend, on capital increased by the three-for-ten rights issue, is 2.49p net per 25p share. This makes, with the interim of 1.28p on the former capital, a total of 3.77p., compared with 2.748p, as forecast.

| | 1975-76 £ | 1974-75 £ |
|---|---|---|
| Foundries, etc. sales | 14,187,000 | 12,124,000 |
| Engineering | 5,793,000 | 4,555,000 |
| Other activities | 2,300,000 | 2,209,000 |
| Less inter div. sales | 178,000 | 116,000 |
| **Total sales** | 21,702,000 | 19,972,000 |
| Foundries etc. profit | 935,145 | 861,961 |
| Engineering | 385,092 | 329,382 |
| Other activities | 121,506 | 155,047 |
| **Total profit** | 1,444,733 | 1,346,400 |
| Taxation | 746,289 | 650,931 |
| Net profit | 698,444 | 695,469 |
| Extra-ord. credit* | 10,540 | — |
| Preference dividend | 6,591 | 6,591 |
| Attrib. Ord. | 702,171 | 688,878 |
| Ordinary dividend | 256,456 | 174,271 |
| Forward | 2,740,945 | 2,330,132 |

### ● comment

Triplex has survived the recession in the engineering sector fairly well and profits are in line with the February rights estimate. The new plant in the Vowles ferrous foundry began operating in July and, in the second half, the foundries division showed profits growth of 18 per cent. over the first half despite continuing patchy demand. The capital spending programme is being maintained (nearly £1m. was invested in 1974-75) but, thanks to the rights issue proceeds and deferred tax, bank borrowing is down to below £½m. and gearing has fallen from 40 per cent. to under 20 per cent. of shareholders' funds. This leaves the company well placed for recovery this year, with demand starting to pick up. The shares, at 61p, yield 9.9 per cent., compared to a general engineering average of 6.5 per cent.

## Dobson Park £4½m. at halfway

FIRST HALF group pre-tax profit of Dobson Park Industries increased from £3.82m. to £4.5m., and the directors expect the 12 months' total to exceed the £8.03m. for the year to September 27, 1975.

The figure for the six months is ahead of budget in spite of economic conditions, the directors state.

A significant contribution towards the trading results came from overseas earnings while direct exports held up despite the difficult conditions.

The interim dividend is lifted from 0.631p to 0.725p net per 10p share but an adjustment will have to be made to the amount of the final so that the total is no more than the permitted maximum. Last year's total was 1.736p.

| | Half year 1976 £000 | *1975 £000 | Year *1974-75 £000 |
|---|---|---|---|
| Mining machinery sales | 27,312 | 17,478 | 36,639 |
| Engineering | 8,875 | 7,935 | 16,787 |
| Kango | 5,879 | 5,971 | 11,948 |
| Industrial | 5,950 | 6,005 | 12,776 |
| Property | 447 | 274 | 671 |
| Less inter-division | 4,227 | 3,321 | 7,775 |
| **Total external sales** | 40,200 | 34,342 | 70,806 |
| Mining machinery profit | 1,966 | 1,546 | 2,817 |
| Engineering | 787 | 576 | 1,577 |
| Kango | 601 | 848 | 1,330 |
| Industrial | 467 | 460 | 1,158 |
| Property | 737 | [illegible] | 540 |
| **Total profit** | 3,958 | 3,668 | 7,431 |
| Debenture interest | 25 | 26 | 65 |
| Other interest | 11 | 124 | 68 |
| Profit overseas subsidiaries, etc. | 561 | 309 | 731 |
| **Profit before tax** | 4,503 | 3,817 | 8,029 |
| Taxation | 2,358 | 1,993 | 4,167 |
| Net profit | 2,145 | 1,824 | 3,862 |
| Dividend | 431 | 375 | 1,032 |
| Retained | 1,714 | 1,449 | 2,830 |

* Adjusted. † Includes £490,000 (£511,000) for Australian subsidiaries of which profit is included with overseas earnings

Mining machinery production volumes were well maintained and efficiency further improved. The engineering and industrial products divisions returned satisfactory results in the present circumstances. As forecast, the profits of Kango have not reached the record levels of last year. However, export markets are now much better and have been responsible for improved trading results over the past few months, the directors state.

The cash position has again improved and the company now has a very strong financial base, giving the group the ability to develop market potential throughout the world and to strengthen its operations with internal and external investment.

### ● comment

The slowdown at Dobson Park noted in the second half of 1974-1975 has continued in the current year. Interim pre-tax profits are up by 18 per cent. against the 50 per cent. jump in the corresponding period and second-half figures are expected to be maintained at £4.2m. Half the interim growth is due to a substantial drop in interest charges and an 88 per cent. jump in overseas profits; this rate of growth is not expected to be maintained in the current half. Though the Australian subsidiary is recovering well, the German mining machinery company is experiencing a drop in demand. Overall, orders from the NCB (accounting for a third of profits) are holding up, while Kango, which suffered a 29 per cent. interim profits setback, is expected to show some recovery but the picture is less bright in engineering. At 45½p, the prospective p/e is 6.3 and the maximum yield is 6.6 per cent., already covered 1.9 times by interim earnings.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Bandanga Holdings | 1.59 | — | 1.49 | 3.17 | 2.97 |
| Cardiff Malting | int. 0.9(b) | Aug. 3 | 0.7 | 1.95 | — |
| Chubb & Son | 2.0 | Aug. 13 | 2.29 | 3.12† | 2.85 |
| Compair | int. 1.2(b) | Aug. 27 | 1 | — | 3 |
| J. H. Dennis | int. 1.26† | July 23 | 0.86 | — | 1.69 |
| Dobson Park | int. 0.73 | Sept. 23 | 0.68 | — | 1.74 |
| El Oro Mining | int. 1.36(a) | Oct. 4 | 1.24 | 1.36 | 1.24 |
| Equity Consort | 5.5(a) | Sept. 14 | 5.25 | 8.5 | 8.25 |
| Exploration | int. 0.68(a) | Oct. 4 | 0.62 | 0.68 | 0.62 |
| Group Lotus Car | nil | — | 0.37 | nil | 2 |
| Arthur Guinness | int. 2.16 | Aug. 11 | 1.97 | — | 5.71 |
| Highgate & Job | 1 | July 30 | 5.2 | 2 | 9.22 |
| Land Securities | 2.82 | July 23 | 2.48 | 4.32† | 3.98 |
| J. T. Parrish | 3.84 | — | 3.84 | 3.84 | 3.84 |
| Reliant Motor | nil | — | 0.18 | nil | 0.18 |
| Selection Trust | 10.2 | Aug. 9 | 9.0 | 15.2 | 14.0 |
| Thermal Syndicate | int. 2.5 | July 29 | 1.0 | — | 2.51 |
| Triplex Foundries | 2.49† | Aug. 4 | 1.55 | 3.77 | 2.75 |
| Wace Group | 0.56 | July 28 | 0.56 | 0.96 | 0.96 |
| Weyburn Engineering | int. 3* | — | 2.73 | — | 6.03 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Gross. (b) Increased to reduce disparity.

## Hawtin to expand in merchanting

MR. FRANK HAWTIN, the chairman of Hawtin, whose shares were suspended in 1974 after a damaging involvement with secondary banking, told the annual meeting yesterday that "another very considerable development" in the company's affairs would take place within the next few weeks.

If the deal in prospect went through, which the chairman said later would be in the merchanting area, it would mean that the group would be in a very much stronger and profitable company.

Mr. Hawtin added that he was hopeful that a relisting of the company's shares would take place before the end of the year.

At the meeting, shareholders approved special resolutions reducing the capital of the company, cancelling the share premium account and a sub division of the ordinary shares into 5p shares.

## Cherryfields setback for Hampton Trust

The chairman of Hampton Trust, Sir Cecil Burney, says in his annual statement that the financial results for the year—a pre-tax loss of £15,040 against a profit of £41,659—are disappointing and in particular the results of the Cherryfields residential development in Staffordshire.

This development was bought in April 1973 for £251,000 and at the time the directors forecast a profit to the company of between £100,000 to £150,000 in the past year: instead it has yielded a profit of £19,565 on the 34 houses built and sold last year.

On May 24 the directors announced that an approach had been received which could have led to an offer being made for Cherryfields and that this had caused them to delay sending out the offer documents for Assam Consolidated Tea Estates. So far, the chairman writes, no offer has been received.

Rental from the company's Mount Street property was adversely affected during the year by the default of a former tenant, but since November, 1975 the building has been let to tenants of good standing.

This property has been recently valued at £485,000, or £286,417 below cost. It is not intended to incorporate this in the balance sheet.

## Thermal forecasts 6p total

ON A TURNOVER up some 18 per cent. to £4.09m., pre-tax profit of Thermal Syndicate expanded by 87 per cent. to £606,000 in the six months to April 30, 1976—only £106,000 short of the £712,000 for the year to October 31, 1975.

Arising out of the current contested International Combustion (Holdings) bid, Treasury permission has been obtained to increase the interim dividend from 1p to 2.5p net and the directors propose a final payment of 3.5p, making a total of 6p (2.513p).

Orders are up 30 per cent. and new production facilities are now coming on stream to meet this rising demand. In addition the group is continuing a vigorous capital expenditure programme to cater for increasing future market requirements, the directors state.

Process equipment to overcome the quartz raw material problems previously reported is now being commissioned.

Contracts for the sale of processes and construction of associated plant are progressing very favourably but no proportion of the accruing profits has been included in the half-year statement, the directors add.

| | 6 mths. 1976 £000 | 1975 £000 | 12 mths. 1974-75 £000 |
|---|---|---|---|
| Group sales | 4,085 | 3,484 | 6,925 |
| **Profit before tax** | 606 | 324 | 712 |
| Other income* | — | — | 230 |
| Estimated tax | 294 | 181 | 513 |
| Net profit | 312 | 143 | 433 |
| Dividend | 133 | 33 | 133 |

* Surplus before tax on sale of know-how and plant contracts.

In a letter to shareholders, outlining the reasons why the Board and Kleinwort Investment Trust—togther holding 24.3 per cent. of the equity—have decided to reject the 85p cash offer from International Combustion, Sir John Paget, chairman, declares that the offer had been made in a manner "quite contrary to the spirit in which the original discussions took place" and it also represents an attempt to snatch control at a "ridiculously low price."

In the course of discussion with ICH and Combustion Engineering of the U.S.—which owns 45 per cent. of ICH—Sir John Paget claimed it was stressed that "the offer would only be made with the agreement of your company's Board and it was on this understanding that an exchange of information took place." Despite these assurances, the chairman continues, "ICH has proceeded with the offer: they also bought 125,000 shares before making their public announcement."

On the question of the proposed 140 per cent. increase in net dividends to 6p, the chairman says that the price at which the yield at the offer price of 10.86 per cent. gross would equate with the average yield for industrial shares of around 6 per cent. would be 154p. This he claims "serves to underline the ludicrously low level of the offer."

## ISSUE NEWS

## Aran Energy to raise £6¼m.

Aran Energy announces that it proposes to issue up to 5m. Ordinary £1 shares at 125p a share, payable as to 30p per share on application, the balance being subject to call. The industrial credit company and Morgan Grenfell have agreed to seek subscribers for the issue and the brokers to the issue are J. and E. Davy and Cazenove and Co.

Subject to receipt of applications from those who have already indicated their firm intention to apply, and pursuant to certain underwriting arrangements, a minimum of 3.5m. Ordinary shares are to be issued.

The issue is aimed at funding Aran's share of the Irish offshore oil exploration work in the nine blocks it has interests in through two consortia, BP and Amoco. These costs are currently estimated at £4.375m., while the additional £1.87m. the company aims to raise is being set aside for further exploratory projects.

The effect of the issue, 3 per cent. of which is to be taken up by the Irish Government, is that Aran's present majority shareholder, the Irish mining group Silvermines, will lose outright control of Aran Energy. Silvermines is to subscribe 300,000 of the new shares and with the 1m. it currently holds will have 1.3m. in all, but its stake in Aran will be diluted from 60 per cent. to just under 20 per cent.

Silvermines will, however, remain the largest single shareholder in Aran, slightly ahead of the 1.2m. block of shares it is understood that a group of Irish agricultural co-operatives is to acquire. Other large Irish shareholders are expected to include Bula the Navan-based lead-zinc mining concern already involved in Ireland's offshore oil search. The Industrial Credit Company and Morgan Grenfell and Co. are, between them, to take up 593,000 shares.

Applications for the Ordinary shares now being issued must be for a minimum of 5,000 Ordinary shares (and in multiples of 1,000 shares thereafter). Acceptance of applications will be conditional upon receipt by Aran not later than June 25.

## London quote for Esmark

Esmark Inc. of Chicago is to gain a London quotation for 17.85m. shares of $1 Common Stock. The listing is being sponsored by Banque de Paris et des Pays-Bas and stockbrokers Rowe and Pitman, Hurst-Brown.

Esmark was formed as a holding company in 1973 and operates [illegible] autonomous divisions, represented in the U.K. by Swift Food and Playtex International. Overall Esmark is operating in the fields of food processing, chemicals, energy, insurance, financial services and family products.

In the year to October [illegible] Esmark had total revenues of $4.74bn. and net earnings of $79.7m. giving earnings per share of $4.74 fully diluted. In the current year the first six months saw earnings up to $46m. [illegible] and the group is forecasting further growth for the rest of the year.

The group also announced a £20m. expansion plan in the U.K. over the next four years.

### RIGHTS RESULT

Tharsis Sulphur and Copper company's rights issue of 500[illegible] shares has been taken up as to 98.8 per cent. The balance has been sold and the net proceeds will be distributed to entitled shareholders.

## Weyburn passes peak at mid-way

REFLECTING successful implementation of group policies, pre-tax profit of The Weyburn Engineering Company, precision engineers, more than doubled from £504,000 to £1,122,000 in the half year to April 30, 1976, thus exceeding the record £1,114,332 earned in the full year to October 31, 1975.

And Mr. P. R. Royston, chairman, is confident that the company, operating from a much higher profit base, will enjoy a future "even more exciting" than the immediate past.

Earnings are shown to have improved from 6.91p to 15.03p per 25p share and the interim dividend is stepped up from 2.7286p to 3.00146p net on increased capital. In the last full year dividends of 6.0327p were paid.

Sales increased from £2.63m. to £5.96m. of which £2.19m. represents sales of goods manufactured overseas and direct exports from the U.K. Indirect exports are estimated at a further £1.75m. Tax takes £578,000 (£254,000).

In March the group acquired a 57 per cent. stake in Camshaft Specialities Inc. of Michigan which now trades as Weyburn Camshaft Specialities. It makes diesel and automotive camshafts for original equipment manufacturers and the international replacement market and Mr. Royston believes that its results will match the "excellent performance" attained by the rest of the group. Plant capacity has been substantially increased this year. In March, 1977 the group intends to exercise its option to acquire the remaining 43 per cent.

Half the acquisition costs are to come from Weyburn's U.K. cash resources at the [illegible] exchange rate and the balance will be met from current receipts from additional exports to the U.S. market, insulating the company against any fluctuation in the currency rate.

In a three-month period orders exceeding $1m. have been received in the U.K. for goods with delivery dates scheduled over the next few months, the chairman states.

Penetration into the [illegible] market will increase as Weyburn sales efforts are extended, the chairman believes.

World markets, the chairman says, are now certainly on the upturn and in particular diesel engine manufacturers are investing heavily to meet increasing demand. Weyburn is ready financially and in terms of available capacity, "to support the growth of all its customers."

### ● comment

Even bearing in mind the contribution from two acquisitions in the period, a more than doubling of pre-tax profits at the interim stage by Weyburn for a profit higher than that of the previous full year is well ahead of outside expectations. Now the current year looks capable of at least £[illegible] pre-tax, and the company does not foresee any slowing down in the growth rate for 1976-77. Weyburn sees the worldwide diesel camshaft market growing by some [illegible] per cent. a year, while the involvement in the car camshaft replacement market, introduced with the U.S. acquisition, Camshaft Specialities, will take it into a new field which it hopes will, in a few years, lead to supplying original equipment. Meantime Weyburn is digesting its three recent acquisitions and there is some scope for improving productivity. Even after yesterday's 11p rise to 314p the prospective p/e is [illegible] more than 10½ on average capital and the shares have probably run out of steam, even after this buoyant performance so far.

## RESULTS IN BRIEF

**ANDERSON'S RUBBER COMPANY**—Pre-tax profit for year to January 31, 1976 £114,833 (£115,580), after bank interest £19,445 (£18,615) and unsecured loan stock interest £4,318 (£4,322). Tax £4,900 (£66,748). Final 0.7756p (0.6745p) net making 1.2756p (1.1745p).

**BROWN SHIPLEY HOLDINGS**—Results of year ended March 31, 1976 reported June 1. Current deposit etc. accounts £122.65m. (£118.57m.), loans advances £50.74m. (£51.79m.), acceptances £21.97m. (£29.55m.). Chairman says that in banking group, general level of commercial business remained higher than expected. Foreign exchange markets remained unsettled but group's business in this field and in wholesale supply of foreign currency notes was again profitable. Meeting, Founders Court, Lothbury, E.C., July 8, at 12.30 p.m.

**GLENMURRAY INVESTMENT TRUST**—Revenue before tax £72,952 (£71,544) for six months to April 30, 1976. Tax £31,874 (£35,604). Interim 0.80p net (same) already announced. As already stated Board expects to recommend total dividends for current year of not less than 1.55p net.

**McMULLEN and SONS (Brewers)**—Interim dividend 0.8125p. Company will be issuing half-yearly results in July and expect to pay a second interim dividend on September 30.

**MINSTER INSURANCE COMPANY**—Results 1975 already known. Group capital employed £42.57m. (£32.49m.). Current assets £21.05m. (£17.8m.). Total assets £70.72m. (£55.0m.). Liabilities and provisions £74.10m. (£27.77m.). Insurance funds £18.51m. (£15.51m.). Life assurance funds £.78m. (£6.72m.). Meeting, Minster House, Arthur Street, E.C., June 16, at 12.30 p.m.

**OLD SWAN HOTEL HARROGATE**—Final dividend 0.471ep net per 10p share making 0.8041p (0.74p). Profit for year to March 31, 1976 £41,551 (£42,462) before tax £5,000 (£9,000). Earnings per share 2.41p (2.23p).

**DUVAH HIGHFIELDS**—Directors state it is still not possible to determine when procedures leading to finalisation of group's plantation companies' affairs in Sri Lanka can be completed. They intend that when preparing the accounts for 1974 not to consolidate the accounts of these plantation subsidiary companies. Pre-tax profits for 1975 of the subsidiary companies operating in the U.K. were approximately 45 per cent. lower than in 1974.

**ROWTON HOTELS**—Results for 1975 reported May 14 with comments on prospects. Fixed assets £3.32m. (£3.29m.), current assets £0.59m. (£0.72m.), liabilities £0.79m. (£0.74m.). Meeting, Mount Pleasant Hotel, W.C., on July 1 at noon.

**ROYAL SOVEREIGN GROUP** (pencils, office equipment, etc.)—Results 1975 and observations on prospects reported May 14. Exports £836,147 (£639,505). Group fixed assets £1.27m. (£1.29m.). Current assets £4.21m. (£4.12m.), liabilities £2.44m. (£2.51m.). Meeting, Connaught Rooms, W.C., June 11, noon.

**J. H. WOODINGTON, DROGHEDA (1936)**—Ladies footwear. Turnover £587,014 (£528,575) in 1975. Loss before tax £17,047 (loss £9,149). Debit tax £1,116 (£652). Loss after tax £18,163 (loss £9,801). Loss per 25p share 7.46p (loss 4.69p).

# Arthur Guinness expects more than £30m.

TAKING INTO account an advance from £11m. to £14.8m. in pre-tax profit of Arthur Guinness Son and Co. in the 24 weeks to March 13, 1976, the joint chairman, Mr. R. A. McNeile, believes the year's figure will exceed £30m.

Last February he indicated that current year profits were likely to be close to the £29.1m. achieved in 1975.

He points out that the effect on sales of the substantial price increases in both Eire and the U.K., as a result of increases in duties and other costs, has yet to be fully felt.

In overseas markets the rate of profit increase (up from £2.9m. to £5m. at the trading level for 24 weeks) is unlikely to be maintained over the next six months, owing to increases in costs. Also, the profit figures were swollen by exchange gains due to the fall in sterling.

*Earnings per 25p share for the* 24 weeks increased from 6.5p to 8.8p, and the interim dividend is lifted from 1.9673p to 2.164p net. Last year's total was 5.7131p.

| | 24 weeks 1975-76 | 1974-75 |
|---|---|---|
| | £m. | £m. |
| Turnover | 178.3 | 140.6 |
| Depreciation | 4.3 | 3.6 |
| Brewing profit | 12.8 | *10.7 |
| Confectionery | 0.2 | 0.1 |
| General trading | 0.5 | *0.7 |
| Plastics | 0.3 | 0.4 |
| Property | 0.1 | 0.1 |
| Total trading profit | 13.9 | 12.0 |
| Share associates | 3.2 | 1.2 |
| Investment income | 0.4 | 0.4 |
| Interest charges | 2.7 | 2.6 |
| Profit before tax | 14.8 | 11.0 |
| Taxation | 6.6 | 4.9 |
| Minority interests | 0.7 | 0.6 |
| Extraordinary debits | 0.6 | 0.5 |
| Attributable | 6.9 | 5.0 |
| Interim dividend | 1.2 | 1.7 |

* Figures re-stated to make them comparable with 1975-76.
• Including R.O.I. and overseas £5.3m. (£2.7m.).

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## Royal Trust launches new fund

The Royal Trust Company of Canada has launched a new unauthorised exempt unit trust—The Royal Trust Exempt International Fund — designed to enable pension funds and charities to invest in equities on an international basis.

The fund will invest overseas by means of a back-to-back loan which has considerable technical advantages over direct international investment through the dollar premium. The initial investment is likely to be between 50 per cent. and 60 per cent. through the back-to-back facility with the balance through the investment currency market.

The offer price is £10 per unit with a minium investment of 500 units. The initial offer period closes to-morrow and subsequently units may be bought or sold on the first business day of each month. The initial yield is expected to be about 6 per cent. per annum. The portfolio will be initially distributed 65 per cent. in North America; 25 per cent. in *Europe and 10 per cent. in the* Far East. There will be no U.K. holdings in the portfolio.

## McInerney Properties in profit

A TURNROUND from a loss of £2.9m. to a pre-tax profit of £52,763 is reported by Dublin-based McInerney Properties for 1975.

Basic earnings per 10p share were 0.17p (20.41p deficit) and fully diluted 0.15p (deficit 19.68p).

Mr. Ambrose McInerney, chairman, says measures taken during the year were effective in eliminating or reducing losses in some areas and in generating new activities and profits in others

Referring to building activities in the U.K., he says excellent progress was made in local authority housing contracts while demand in the private housebuilding sector continued at modest levels.

The company obtained its first contract in the Middle East valued at £730,000 for McPlan system-built homes and work has already commenced on the erection of a McPlan *factory in Qatar.*

Mr. McInerney expects that the group's new spread of activities will be reflected in continued recovery in 1976 profits.

| | 1975 | 1974 |
|---|---|---|
| | £ | £ |
| Group turnover | 53,693,768 | 29,113,[illegible] |
| Profit before tax | 52,763 | *2,901,049 |
| Tax | 33,241 | [illegible] |
| Extraordinary debits | — | 536,956 |
| Net balance | 19,522 | *3,274,276 |
| Deficit forward | 861,343 | 550,565 |

* Loss. † Credit.

## Good start by Holt Lloyd

*Good progress has been made* by Holt Lloyd International, the car care group, in the first quarter of its first financial year following the merger of Holt Products and Lloyd International last December.

If this is maintained through out the remainder of the year significant sales and profit increases will be achieved, says the chairman, Mr. Tom Heywood. He anticipates that these will be reflected in dividend payments which are free from Government restraint over the next two years.

Mr. Heywood's statement is made with the pro forma consolidated accounts showing pre-tax profit for the combined companies of £1,489,000 (£1,165,000) in the year ended February 28, 1976, before an exceptional debit of £32,000 (nil).

*Considerable potential is known* to exist overseas. The directors expect the overseas subsidiaries and export operation to contribute around one third of group profits in the coming year. Some markets will require long-term investment, but some immediate benefits can be expected in Europe, Australasia and South Africa, the chairman adds.

He reports that the liquid position is strong, with net current assets of approximately £3.25m.

Holt Lloyd products include Turtlewax, Duplicolor, Redex, Molyslip, Flexy, Radweld, Gun Gum, Cataloy and Glycolmaster Antifreeze.

## Midway dip at J H Dennis

Pre-tax profits of engineers James H. Dennis and Co. dropped *from £216,000 to £187,000* for the half year to February 29, 1976. Profits for the year to last August reached £357,917.

First half earnings are shown to be down from 4.95p to 4.17p per 10p share. The interim dividend is lifted from 0.86p to 1.2645p net on capital increased by the one-for-four rights issue in March.

Subject to unforeseen circumstances, the Board confirms that it expects to recommend in January, 1977 a final dividend of 1.2645p net in accordance with forecast made at the time of the rights issue. Last year's final payment was 0.826p.

| | Half year 1975-76 | 1974-75 | Year 1974-75 |
|---|---|---|---|
| | £ | £ | £ |
| Gro. turnover | 2,151,900 | 2,122,732 | 4,029,557 |
| Operatnl profit | 187,300 | 193,000 | 311,410 |
| Exchange loss | 500 | *25,000 | *46,507 |
| Prof. bfre tax | 187,000 | 216,000 | 357,917 |
| U.K. tax | 85,500 | 69,000 | 131,045 |
| French tax | 13,000 | 31,500 | 33,667 |
| Net profit | 88,500 | 115,500 | 193,205 |
| Minorities | 3,300 | 14,500 | 19,955 |
| Leaving | 85,200 | 101,000 | 173,250 |

Figures for period to February 28, 1975, restated in accordance with new form of presentation adopted for annual accounts. * Surplus.

*The chairman,* Mr. J. A. Mundell says that profits were earned by all the operating companies and the results are in line with the profit plan for the year.

Both Fyrex in France and Knowsley in South Africa made an encouraging start but their progress was slower than anticipated.

Demand at La Cornubia remains at a depressed level but efforts made in Bordeaux have ensured that the total production for the year has already been sold. Demand at Dennis Castings in the U.K. is also very low but this subsidiary will benefit from the awaited upturn in the engineering industry.

## Reliant Motor £0.9m. loss

ANNOUNCING a pre-tax loss of £899,000 for the year ended February 29, 1976, compared with a profit of £508,000, the directors of Reliant Motor Group say they *expect a deficit in the first half* of the current year and a "modest profit" for the full 12 months.

Motor vehicle manufacturing showed a turnround from a profit of £274,000 to a loss of £937,000 as a result of short-time working in the first half and an intensive model change programme in the second. Profit in the engineering sector *declined from £234,000 to* £38,000.

As indicated at the interim stage, when a loss of £419,000 was incurred, compared with a profit of £200,000, there is no Ordinary dividend payment (0.175p net).

The task of launching three new models—the Robin 850, Kitten and the new Scimitar GTE —was accomplished by the end of the year but manufacturing problems, though lessening, continued into the current period, say the directors.

Demand for the Scimitar is "very firm and production plans have been increased twice since the enlarged version was announced."

The engineering companies suffered mixed fortunes during the year with press operations badly affected by reduced volumes, involving short-time working and a cut-back in the labour force. However, Hodgkinson Bennis and Smiths Forgings, managed to support full-time working for the whole period.

| | 1975-76 | 1974-75 |
|---|---|---|
| | £000 | £000 |
| Turnover* | 21,654 | 21,425 |
| Motor vehicles | 15,228 | 15,047 |
| Engineering | 5,436 | 5,391 |
| Loss before tax | 899 | *508 |
| Motor vehicle loss | 937 | *274 |
| Engineering profit | 38 | 234 |
| Tax credit | 450 | §218 |
| Net loss | 449 | *290 |
| Preference dividends | 4 | 4 |
| Ordinary | — | 44 |

* Includes £2,696,000 (£2,558,000) exports. * Profit. † Includes transfer to tax equalisation. § Charge.

### ● comment

Reliant Motor Group's trading problems last year, which led to a £1.4m. turn-round into losses on almost unchanged turnover, cannot be attributed *only* to the launching costs of three new motor models. The well-established Robin range has not performed that well despite the general trading down to economy vehicles. On the engineering side, where overall profits dropped by 75 per cent., some short-time working persists and Hodgkinson Bennis is suffering particularly from cuts in local authority spending. The forecast of profits by the end of the year is said to be based on a continuation of current trends including a four- to six-month waiting list *for the Scimitar. However,* interest charges are probably higher and it is difficult to see the group finding the profits to reduce borrowings—already at 105 per cent. of shareholders' funds at the end of last year—for several months yet. The shares at 6p give a market capitalisation of £1.5m.

# Liquidity improvement at Landsit

NET TAXED income from completed properties of Land Securities Investment Trust improved from £9.43m. to £9.5m. in the year to March 31, 1976, after an increase from £3.74m. to £4.21m. at halfway.

Basic earnings per 50p share for the year decreased from 6.33p to 6.07p. Fully diluted they were unchanged at 5.32p. A final dividend of 2.822p raises the net total from 3.975p to 4.322p on increased capital.

It is pointed out that pre-tax income was reduced by £2.24m. following decisions not to include interest in the capitalisation transfer this year in respect of the cost of development properties for which there is no specific intention to develop and to reclassify as investment property, with effect from April 1, 1975, other development properties which are not to be developed for the time being.

Tax increased from £6.14m. to £8.07m. mainly due to the incidence of balancing charges arising on sales of properties.

Exchange losses on U.S. dollar borrowings cost the company £7.75m.

The aggregate value of properties owned by the group was over £859m., which comprised £741.32m. of investment properties, £111.28m. of properties in course of development and £6.42m. of properties held for development. The directors feel that the aggregate value of the portfolio, in current market conditions, shows a small increase over the value stated.

Consolidated net assets amounted to £425.15m. on which basis, without adjusting for tax on future sales, the fully diluted net asset value per share is 22?p.

Sales of properties realised £95.5m. which exceeded book value by £3.2m. The cash realised, together with the proceeds of the rights issue of the 10 per cent. Convertible Unsecured Loan Stock 1990-95, has enabled the group to reduce its short term debt by £38.1m. and to hold cash resources of approximately £45m. at the year end.

The group now has an established level of borrowing at fixed rates and thus is shielded from the consequences of variations in interest rates, it is stated.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Gross income* | 34 026 | 49 880 |
| Rents less expenses | 39.615 | 35.629 |
| Interest payable | 22.045 | 20.057 |
| Balance | 17 570 | 15.576 |
| Taxation | 8 067 | 6 144 |
| Net income† | 9.503 | 9 432 |
| Net outgoings‡ | 10.184 | [illegible] |
| Taxation relief | 8.740 | [illegible] |
| Exchange loss†† | 7.748 | 480 |
| Realised cap. profits | 29.319 | Φ1.894 |
| Surplus | 29.821 | 117 |
| To capital reserve | 20.318 | Δ9.315 |
| Available | 9.503 | 9 432 |
| Ordinary dividends | 6.768 | 5.926 |
| Retained | 2.735 | 3.506 |

* From all properties. † From completed properties. ‡ Development properties. †† On U.S. dollar borrowings § Profit. Φ Loss. Δ From reserve.

Tax relief on development property net outgoings gives effect to the recovery of £8.44m. (write-off £2.24m.) ACT written off in earlier years but now recoverable as a consequence of capital gains realised in the year.

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See Lex

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

**Interims:** Dundee and London Investment Trust, English China Clays, Land and House Property Corporation, Manbre and Garton, Sidlaw Industries.

**Finals:** Amber Industrial Holdings, Arbuthnot Latham, Baker Perkins, British and Commonwealth Shipping, Burnett and Hallamshire, Caledonia Investments, Chloride Group, Cocksedge, Dom Holdings, Thomas Hardman, Hargreaves Group, Lankro Chemicals, National Carbonising, Prince of Wales Hotels, Property Partnership.

FUTURE DATES

Interims:—

| | |
|---|---|
| Great Northern Investment Trust | June 21 |
| Henlys | June 22 |
| Kenning Motor | June 29 |
| Lookers | June 23 |

Finals:—

| | |
|---|---|
| Beechwood Construction | June 22 |
| British Tar Products | June 24 |
| Brown (N.) Investments | June 22 |
| Mitchell Somers | June 17 |
| Somic | June 25 |
| Tecalemit | June 22 |
| Ultra Electronic | June 28 |
| Western Motor | June 18 |

# Fidelity's overseas expansion

THE REDUCTION in VAT should boost consumer spending and Fidelity Radio is well placed to take advantage of any upturn in demand, says the chairman, Mr. J. Dickman.

Steps have been taken to ensure, as far as possible, against a shortage of supplies.

A new range has been introduced to complement the present range, and the new models have been enthusiastically received at home and abroad.

Orders placed by foreign distributors already exceed last year's total deliveries. There is every indication that sales abroad will expand significantly, and an improvement in trading is also anticipated in the home market, the chairman adds.

However, the future is difficult to assess, especially with regard to costs, and Mr. Dickman again refrains from making any forecast.

As known, pre-tax profit for the year to March 31, 1976 was £1,315,202 (£1,439,746) and the dividend is a maximum permitted 4.221p net.

Shortage of components reduced sales by some £2m. and this, combined with rising costs, contributed to the decline in profits, the chairman explains.

Meeting, Great Eastern Hotel, E.C., July 6, noon.

Reports to meetings

# Hawker Siddeley growth overseas

SO FAR this year there had been a general uplift in Hawker Siddeley's overseas markets, although there were no signs of recovery in the U.K., the chairman, Sir Arnold Hall, said at the annual meeting yesterday.

He reported that there was a lot of opportunity for new orders overseas as the recession waned, although the market was highly competitive.

In 1975 overseas sales accounted for £520m. out of a total of £829m.

At other meetings yesterday chairmen reported as follows:—

J. H. Nichols (Vimto) looks forward to the future with considerable confidence, "provided the political events both at home and abroad do not interfere with trading prospects," the chairman said.

Shiloh Spinners.—Mr. E. T. Gartside said that with the substantial new investment that has taken place, the company was well placed to take advantage of improving trading conditions when they come, but the immediate outlook was uncertain.

T. C. Harrison results to the end of April were well up on comparative period of last year, and results coming through for May indicated a similar position. The enlarged JCB operation was now operating profitably and while the construction and building industries were still in a fairly depressed state, the chairman anticipated that when the economy becomes more buoyant it would make an increased contribution to profits.

J. Compton, Sons and Webb (Holdings)—Lord Chelwood, told the annual meeting on Tuesday that the first half of the year was clearly turning out a lot better than expected, with an order book that was more encouraging although 1976 is unlikely to match the "quite exceptional" 1975.

# Mr. Kennedy quits Ozalid

Mr. Brian L. Kennedy has resigned from the Board of Ozalid Group Holdings, having resigned his executive position as finance director early in January. It is understood that he had a service agreement with between two and three years to run. A company spokesman refused to reveal the amount of compensation for loss of office he is being paid.

The company does not yet have a replacement for the post, but expects to announce an appointment before the end of 1976.

# 80 companies wound-up

Orders for the compulsory winding up of 80 companies were made by Mr. Justice Templeman in the High Court on Monday. They were: Magnaport, Belgravia Bureau, R.L.J. Flooring Company, Sandy Manor Building Company, Commercial Vehicle Engineering, Sane-Wilcox Electrical Engineering Company, A.I.D. Consultants and S.R.C. Developments.

Reliant Shopfitters, Bexley United Football Club, Yeomans Construction, Deacons Hill Developments, Aldworth Properties (Chiswick), Harding John James (Builders), and Jacob Builders (New Milton).

J. H. Westbrook, K.J.J. Plant, Rayland Properties, Record Construction Company, Zonesite, L.K. Construction Company, E. K. Lett (Transport) and Bunratty Haulage Company.

Kerrygate Properties, Crimax, A. and B. Furniture Industries, Turf Downs Cash and Carry, Kilroys Katering Kompany, P. and B. Transport, Precision Taxi Cabs and Leachim Property Company.

S.C.K. Artists Management, Lorraine Joyce, Furnival Painters and Decorators, Linkways (Blackburn), Hy-Protex Wallcoating, Bruce Poynter and Partner, Wincanton Developments and Franco Cristofani Films.

Brooke Farms (Sussex), Frome Holcombe (Holdings), Print and Marketing Services (Europe), Sandville Properties, M.I.T. (East Anglia), M.I.T. (Kent), S.F. Transport and Martin Russell and Co. (Estate Agents).

Roger Griffin, Blue Peter (Drapers), Lindbirg Meats, Superlith Photolitho, Kofteros Financial Planners, Triple C and Hayes Demolition Services.

John Milnthorpe Site Services, Naceville, Heathermain, Boamstar, Trio Formes, Domestic Carpets and Retroflame Group.

Anglia Horticultural Distributors, Berwick Builders, Moor Bros. Transport (Shepperton), Fargo Italian (U.K.), Apex Transport, Reddec Decorating and Thomas Benson and Company.

Barnes and Harrington, Alan Dawson, Antony Scott Property Company, Dalgliesh Hayward and Associates, E.W.I. (Bathroom Centre), Castle Tyre Services and A. and H. Meltzer.

H. M. Henshell, Richard Chant (Builders), Round Square Ltd, Anglo Trade Financiers and T. J. May (Electrical).



# £1.24m. loss by Group Lotus

ON REDUCED turnover of £4m. against £7.5m., and after an exceptional debit of £730,000 Group Lotus Car Companies incurred a pre-tax loss of £1,237,978 for the year to January 2, 1976 compared with profits of £293,909. At midway the deficit was £235,000 against profits of £151,000.

After a tax credit of £634,164 (charge £160148) the year's loss is £603,814 (£133,761 profit). There is no dividend compared with a total of 2p per 10p share.

Mr. A. C. B. Chapman, chairman, says that following the presentation in October 1975 of the Lotus Eclat and Esprit making a return to a normal three model range, a highly satisfactory dealer forward order situation was achieved. The Eclat commenced production in December and the Esprit is also now in production and first deliveries will be made this month. The additional volume generated enabled the company to break even in February and since March to operate at a profit.

The results were not only effected by reliance on one model only and the depressed economic climate but by the loss of some £1.5m. of engine sales following the financial failure of Jensen.

The normal charge for development write off has been made for 1975 but the directors consider it desirable to reduce the amount carried forward and consequently £750,000 has been written off as an exceptional item.

Production and sales are now running at £600,000 per month equivalent to twice 1975 levels and the second half of 1976 will reflect the benefits of the full three model range and a return to profitability, members are told.

# Clairmace compensation agreed

CLAIRMACE, the company formed in mid-1975 to act as the holding company of Standard Tea Holdings and Scottish Tea and Lands of Ceylon, has agreed compensation terms with the Government of Sri Lanka.

These will be at a rate of £42.50 per acre payable over five years 1977-81 for a total payment of £536,000, free of Sri Lanka remittance tax. In addition, the company is to receive interest at 4 per cent.

Net current assets and certain other items are to be paid separately amounting, it is anticipated, to £288,000 within 12 months and a further £75,000 in 1982.

For 1974, Clairmace made a profit of £361,000 and paid a net 6p dividend; the directors have recently declared an interim of 1.5p net for 1975.

The company has recently acquired from the receiver of Hightower Construction, the assets of Hightower Design Services for £23,400 and the Board expects an annual profit from this of £8,000 at present.

An annual meeting of shareholders should be held this autumn.

# Jokai Tea to hold 7.15p

After a special provision in respect of the accrued gratuity liability of The Jokai (Assam) Tea Company, net profit of Jokai Tea Holdings for the year to March 31, 1976 may be slightly reduced, report the directors. At the trading level profit will reflect the increased earnings of the Indian subsidiaries.

The directors expect, however, to recommend a distribution of "at least the same dividend" as the previous year—7.15p net.

They report that the scheme for the merger of Jokai (Assam) Tea Company with Jokai India will be referred to the Indian authorities for their approval.

Treasury and Bank of England consent has already been obtained. The Jhanzie Tea Association and British Indian Tea have informed the Reserve Bank of India of their intention to comply with the requirements of the Foreign Exchange Regulation Act 1973 by offering their estates to Jokai India after approval.

# Bandanga drops to £104,074

Turnover of tea planters, etc. Bandanga Holdings came to £428,192 for the year to Sept. 30, 1975, compared with £1.23m. previously, and, including £40,339 from associates but after deducting a bad debt of £17,198, pre-tax profits fell from £133,048 to £104,074. At midway profits were £72,486 against £70,500.

Tax for the year takes £56,192 (£80,979) and there are extraordinary debits of £11,844 (nil).

Earnings are shown to be down from 4.99p to 4.59p per 25p share. The dividend total is lifted from 2.967832p to the maximum permitted 3.167p costing £33,063 (£30,984) with a final payment of 1.594p.

Since the year end the company has purchased Purbeck Ceramics Group which, as already announced, produced profits before taxation for the year ended June 30, 1975 of £212,600.

Profits of the combined group are running at a substantially higher level in the current year, say the directors, which should enable a further increase in the rate of dividend to be declared.

# Equity Consort

Equity Consort Investment Trust is raising its dividend from 8.25p to 8.5p gross per £1 share for the year to April 30, 1976 with a final of 5.5p.

Group net revenue was £200,022 (£214,467), after tax of £109,954 (£123,292).

# London Asiatic optimistic

IF THE LEVEL of rubber prices adequately offsets the effect of any fall in palm oil prices, **London Asiatic Rubber and Produce Company** can look for satisfactory results in 1976, states the chairman, Mr. P. T. Gunton.

A more healthy industrial climate has continued to help the natural rubber market, which in terms of the Malaysian ringgit has moved gradually higher during the first few months of the current year, he tells members. The sterling price, owing to the changes in currency parities, has advanced even more sharply. Present indications are that there will be a further degree of improvement in economic activity, and in consequence "it is possible to be reasonably optimistic about the market trend for the remainder of the year."

In January and February this year Malaysia experienced its most severe drought since records have been kept. A delayed reaction to those conditions must be expected to affect crops from oil palm areas.

In rubber areas a water shortage affects crops more quickly but the effect on the 1976 crop compared with that of 1975 will be masked to some extent by the reintroduction of stimulants from last October. For the current financial year a rubber crop of about 18.8m. kilos is expected and an output of palm products in the region of 42,600 tonnes.

The rubber crop harvested in 1975 was better than estimated and output of palm products substantially higher than expected. With higher production costs and lower prices the trading surplus declined from the record figure of 1974 by some 22 per cent. on a turnover some 12 per cent. lower. In the circumstances, the pre-tax profit of £4.9m., compared with £6.1m., can be regarded as "a very satisfactory result," says Mr. Gunton.

As known, the dividend is 2.29786p (2.10022p) net.

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## Shellabear Price outlook

Mr. P. M. Price, chairman of **Shellabear Price (Holdings)** says in his annual report that demand has remained weak during the first few months of 1976 although a number of contracts have been obtained.

The directors realise that, in common with their competitors, who are also largely dependent on the U.K. for their earnings, they face an uphill struggle until the national economy takes a significant upturn. This situation they are well equipped to tackle, says Mr. Price.

The group is aiming to broaden its activities in the Middle East and elsewhere overseas. The present relatively small investment in the Middle East shows promise and although competition has increased significantly during the few months the group has been operating, a return is hoped for this year.

As known, pre-tax profits last year amounted to £430,021 against £471,336. The dividend is a maximum permitted 2.4761p (2.2771p).

Meeting of the group, builders and civil engineering contractors, is at the Ship Hotel, Weybridge, Surrey, July 7 at noon.

## U.K. expansion by Pechiney

France's Pechiney-Ugine Kuhlmann group says it plans to increase its share of the British metals and chemicals market and confidently expects to at least double or maybe treble its turnover in the U.K. over the next five years. U.K. sales of at least £30m. are forecast for 1976. Consolidated turnover of PUK in 1975 was £2.3bn.

This follows the formation of a new subsidiary in Britain which regroups almost all PUK's commercial operations in this country. PUK's production subsidiaries in Britain will continue to operate independently.

## BODYCOTE LOAN STOCK REPAYMENT

**Bodycote International** is redeeming its 9½ per cent. guaranteed unsecured loan stock 1976 at par on June 30. Warrants will be posted on that day.

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price p | + or – | Net Dividend | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| – | F.P. | — | £25¼ | £21¾ | Berry Pacific Fd. US$1 | £24½ | .... | 40c | — | 0.8 | — |
| $10,500 | F.P. | — | $10,500 | $9,500 | Brasilrest S.A. | $9,500 | ... | — | — | — | — |
| – | F.P. | – | £25⅝ | £23 | Emhart Corp. US$1 | £25⅝ | –⅛ | $1.20 | – | 5.0 | |
| 47 | F.P. | 9/7 | 43 | 41 | Wilson Walton Int. | 42 | | 3.16 | 2.1 | 11.3 | 6.1 |

### FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1976 High | 1976 Low | Stock | Closing Price £ | + or – |
|---|---|---|---|---|---|---|---|
| £99 | £50 | 26/8 | 49⅞ | 47½ | Birmingham (City of) 12% Red. Stock 1985 | 49½ | |
| 115 | F.P. | 18/5 | 126 | 114 | Bowring (C.T.) 10% Conv. 1987 | 121 | +2 |
| £99 | F.P. | 4/6 | 100 | 99 | Chester Water 8% Red. Pref. 1981 | 99 | .. |
| £99 | F.P. | 11/6 | 100¼ | 98½ | East Worcs. Water 8% Red. Pref. 1981 | 98½ | .... |
| C$100 | F.P. | — | 99½ | 96½ | IAC 9¾% Notes 1981 | $96½ | ... |
| US$100 | Nil | — | $99¼ | $99 | Lloyds Eurofinance Guar. Fltng. N'ts 1983 | $99 | .. |
| £98 | £10 | 23/7 | 11¼ | 10 | Newcastle & Gateshead 8% Red. Pref. 1981 | 10 | ... |
| US$100 | Nil | — | 101 | 101 | Royal Bank of Scotland Floating Rate 19[illegible] | $101 | ... |
| US$100 | F.P. | — | 100½ | 99½ | Sandvik 9¼% Bonds 1986 | $100 | ... |
| £95¼ | F.P. | 25/6 | £96½ | £94½ | Scottish Agric. Secs. 14% Deb. 1995 | £95½ | –¼ |
| [illegible] | £50 | 6/7 | [illegible] | [illegible] | [illegible] | 64 | |
| £98 | £10 | — | 10½ | 10½ | Sunderl'd and S.Shields Wtr 8% Red Pref 1981 | 10½ | .. |
| [illegible] | F.P. | [illegible] | [illegible] | 93½ | [illegible] W. | 98½ | |

### "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Dates | | 1976 High | 1976 Low | Stock | Closing Price p | + or – |
|---|---|---|---|---|---|---|---|---|
| 350 | F.P. | 4/6 | 17/6 | 497 | 463 | Aust. & N.Z. Bank | 497 | ... |
| 250 | F.P. | 28/5 | 25/6 | 288 | 277 | Bank of Ireland | 285 | ... |
| C$14 | Nil | – | – | 16 | 11 | Bank of Montreal | 12½pm | –½ |
| 58 | Nil | 18/6 | 6/8 | 11 | 6 | Bejam Group | 11pm | .. |
| 70 | F.P. | 1/6 | 9/7 | 103 | 92 | Boddingtons | 101 | –1 |
| 35 | Nil | 21/6 | 19/7 | 5 | 1 | Booth (Intl.) | 2pm | .. |
| 15 | F.P. | 28/5 | 11/6 | 17½ | 16 | Boulton Wm. | 17 | ... |
| 65 | F.P. | 18/5 | 15/6 | 85 | 65 | Bowring C. T. | 71 | .. |
| 14 | F.P. | 16/6 | 30/7 | 17½ | 14½ | Coalite & Chemical | 17¼ | –¼ |
| 140p | Nil | 29/6 | 28/7 | 30 | 25 | Dundee-Combex-Marx | 29pm | –1 |
| 8p | Nil | 25/6 | 16/7 | 1½ | ¾ | Elswick-Hopper | 1pm | ... |
| 36 | F.P. | 7/5 | 16/6 | 50 | 41 | Eva Inds. | 44 | ... |
| 85 | F.P. | 21/5 | 18/6 | 111½ | 101 | Glynwed | 106½ | .. |
| 305 | F.P. | 27/5 | 2/7 | 429 | 390 | Heath C.E. | 415 | –8 |
| 330 | F.P. | 10/6 | 2/7 | 379 | 355 | I.C.I. | 366 | –2 |
| 47 | F.P. | – | – | 65½ | 51 | Lesney Products | 59 | .... |
| 57 | F.P. | 3/5 | 20/7 | 71 | 61 | Lloyd F.H. | 63½ | ... |
| 182 | F.P. | 28/6 | 9/7 | 214 | 192 | Lucas Inds. | 214 | –9 |
| 35 | F.P. | 11/6 | 2/7 | 38½ | 34½ | Mallinson (Wm.) & Denny Mott. | 34½ | . |
| 120 | F.P. | 11/6 | 9/7 | 162 | 154 | Portals | 152pm | .. |
| 21 | Nil | 22/6 | 20/8 | 5 | 1½ | Press (William) | 3pm | +1½ |
| 47 | F.P. | 10/6 | 23/7 | 58½ | 49½ | Ransome, Hoffman, Pollard | 56 | .... |
| 400 | F.P. | 21/5 | 25/6 | 492 | 449 | Selection Trust | 480 | .... |
| 32 | F.P. | 16/6 | 23/7 | 35 | 32¼ | Foxtal | 34 | –1½ |
| 45 | F.P. | 28/5 | 29/6 | 58 | 45 | Telecentral | 54 | –2 |
| $A1.20 | F.P. | 18/6 | .. | 120 | 85 | Western Mining | 115 | |
| 70 | P.Pd | — | — | 51 | 43 | Woodside-Burmah | 51 | –1 |

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. g Forecast dividend; cover based on previous year's earnings. u Figures based on prospectus or other official estimate for 1976. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ** Issued by tender. ¶ Offered to holders of Ordinary shares as a "rights." ♥ 280 S.Afr. cents. § Rights by way of capitalisation. ‡‡ Tender allotment prices. ● Reintroduced. ‖ Issued in connection with reorganisation, merger or takeover. ♣ Introduction. ▲ Issued to former Preference holders. † Allotment letters (or full-paid). • Provisional or partly paid allotment letters. ★ With warrants. ✦ After suspension.

## BIDS AND DEALS

# M. P. Kent's £6½m. property sales

M. P. KENT, the West Country housing and property development group, has sold about two-thirds of its completed industrial and office developments for £6.5m.

Mr. Michael Kent, chairman, said the decision had been taken because property trading was now more profitable than property investment.

The "substantial net profit" on the transaction will, says the company, be reflected in the accounts for the year ending on June 30 and it is understood that as a result of the transaction last year's pre-tax figure of £1.7m. will be improved upon.

The sale price represents an average initial yield to the purchaser, the **Fleming Property Unit Trust**, of 6¾ per cent. and accounts for two-thirds of annual rental income on properties completed or pre-let in course of construction.

Proceeds of the transaction will immediately enhance the group's capital base and will also lead to a reduction in borrowings of 70 per cent. A start on several housing and property projects, including some office developments in Scotland and some industrial schemes, will be brought forward as a result of the sale.

Mr. Kent said the transaction was made because present legislation and continuing inflation, with an increasing institutional demand for prime properties, had made property trading a more attractive proposition than investment.

The Board had accordingly decided to sell a major proportion of its properties held for investment and use the proceeds "to give more scope for the company's expertise in creating first-class properties for eventual trading on to institutions."

Mr. Gerald Jiggins, joint managing director of Kent, said that housing development work in particular was going to be expanded. In the current year, about 650 homes — mainly designed for first-time buyers at the lower end of the market — had been built but it was planned to raise output to about 900 next year. Sales were running at an encouraging level and the outlook was good.

A statement to shareholders on the £6.5m. transaction said that bankers to the group had confirmed that the facilities previously available, including the term facility from the County Bank, would continue.

### ASSOCIATES DEAL

**Laurie Milbank and Co.** yesterday bought on behalf of Ace Investment Company—a subsidiary of Anglo African Finance Company—7,500 **Haighton and Dewhurst** at 27p.

Rothschilds announce that an associate of **Pernas Securities** bought 10,000 **London Tin** in the market at 175p.

### WARREN SPELLS OUT TERMS FOR PEACOCK SASINI

**Warren Plantation Holdings** has now spelled out the terms on which it is to bid for the 64 per cent. of **Peacock Sasini Estates** it does not already own.

The principal offer is 55 Warren shares plus £5 in cash for every 100 Peacock shares, which with Warren closing at 95p last night is worth 57¼p per Peacock share.

There is also a cash alternative, first announced on May 28, of 44p a Peacock share.

The shares offered by Warren will not rank for the first interim of 4.15p net per share declared on June 4 but Warren intends to recommend dividends for 1976 of 7.8p net a share.

The directors of Peacock, who have been advised by Buckmaster and Moore, unanimously recommend all shareholders to accept the offer.

### SHARE STAKES

**Imetal S.A.**, the Rothschild-controlled mining group, has acquired a further 700,000 shares in **Lead Industries Group** bringing its total holding in the company to 11.8 per cent. of the capital (4,288,500 shares).

**Leaderflush (Doors)**—Mr. D. J. Sawyer has disposed of 485,000 Ordinary reducing his holding to less than one-tenth of the capital.

**United Guarantee Holdings**)—**Essex Group Holdings** has acquired a further 10,000 stock units. This increases its holding in United Guarantee and an associated company to £44,316 (17.16 per cent.).

**Stoneware** — Mr. G. R. F. Tompkins now has an interest in 1,460 Ordinary shares.

**Updown Investment Company** —*The Debenture Corporation now* holds 928,040 Ordinary shares (23.20 per cent.).

**L. Gardner and Sons**—**Rolls-Royce Motors Holdings** has acquired 723,100 shares (16.72 per cent.).

**U.S. Textiles** — **Harvard Securities** has disposed of its stake. Shares were placed with investment clients of Harvard. No single holding exceeds 10 per cent.

### BOWATER PURCHASE

**Bowater Corporation** has acquired the **Minster Carpet Company** for a consideration of £490,000, which was satisfied by the issue of 234,452 Ordinary shares.

# INTERNATIONAL COMPANY NEWS + EURO MARKETS

BANK OF ENGLAND QUARTERLY

## Euromarket accelerates in first quarter

BY MARY CAMPBELL

THE EUROCURRENCY market grew strongly both in the fourth quarter of last year and, according to initial indications from the Bank of England's quarterly statistics on the London market, in the first quarter of this year too. Eurocurrency business of the banks in Europe grew by about $9bn. in the last quarter of last year, net of inter-bank transactions and after making allowance for exchange rate changes, according to Bank for International Settlements (BIS) figures.

### Offshore centres

The largest borrowers during the last quarter outside Western Europe were Eastern Europe ($2bn., bringing overall borrowing last year to $6bn.) the non-oil developing countries (LDCs) ($1.5bn., mainly by Latin American countries) and off-shore banking centres ($3bn.). The Bank of England, which reports these figures in the latest issue of its quarterly Bulletin, comments that of the $3bn channelled from European banks to off-shore centres was probably lent on to developing countries "which also borrowed some $1.5bn. directly from banks in the United States." This brings the BIS estimate for total LDC borrowing from international banks to some $6bn. in the fourth quarter of last year alone.

The Bank of England suggests that the underlying growth of London's Eurocurrency business was probably faster in the first quarter of this year than in the fourth quarter of last year. Total foreign currency liabilities grew by around $3bn.—less than half the fourth quarter rise. But there was a seasonal reversal in January of end-year positions built up in December.

The volume of newly announced medium-term loans was higher in the first quarter of this year than in the previous quarter, the Bank says, while the average size of loans (nearly $70m.) was bigger than in any quarter of 1975.

The Bank's latest analysis of the maturities of deposits and lending among London banks shows a sharp increase in net deposits at the short end. London banks' liabilities at less than eight days exceeded their lending of similar maturity by $7.3bn. on the last reporting day last February. The excess on the previous reporting day in November was $6.5bn. Even if all their holdings of certificates of deposit are counted as immediately realisable assets, London banks still owed considerably more at very short notice in February than they had in November: their very short term net deposits on this basis amounted to $3.3bn. in February, up from $2.7bn. in November.

The pattern of increasing exposure to short term withdrawals of deposits extended to maturity of between eight days and three months where net deposits grew from $14.1bn. to $16.2bn. between the two reporting dates. Conversely, longer term lending—loans not due to be repaid for at least a year—exceeded longer term deposits by $30.4bn. in February, $1bn. higher than at the previous reporting date. The Bank attributes the increases at the long end of the spectrum at least to changed expectations about interest rates.

### Japanese banks

The Japanese banks again increased their net borrowing from the London Eurocurrency market in the first quarter of this year. Japanese banks' net borrowing from the London market rose by nearly $1bn. from $5.97bn. in December to $6.83bn. in March. The other major category of net borrowers was Eastern European countries, which also increased their net debt to the London banks by about $1bn. (See also Page 13)

## Hapoalim to make biggest ever share issue

Financial Times Reporter

BANK HAPOALIM announces shortly make available the biggest single issue of shares in the history of the State of Israel. The issue made up of shares and deferred capital notes (warrants) will total more than £I300m. (£38.5m. sterling).

Under the terms of the issue holders of these notes will be entitled to convert them within five years into shares of Bank Hapoalim at a predetermined price, £I1 per note to be paid upon purchase with the balance upon conversion. Any warrants not converted under this scheme may be redeemed at the end of five years. Final details of the issue price will be announced shortly. Mr. Jacob Levinson, the bank's chairman, said that the new issue would bring Bank Hapoalim's total shareholders' equity up to more than £I1.1bn.

## Gränges buys SAPA from RTZ

BY WILLIAM DULLFORCE

STOCKHOLM, June 16.

GRANGES ALUMINIUM, an independent division in the Gränges heavy industry conglomerate, is buying SAPA, the Scandinavian Aluminium sections company, from Rio Tinto Zinc Industries, it was announced here to-day. The purchase price is about Kr.60m. (£7.5m.) which corresponds roughly to the capital employed SAPA. The Swedish Investment Bank is prepared to advance Gränges Aluminium a long term loan to cover the price, but managing director John Dahlfors indicated to-day that his company may find other ways of financing the purchase, which becomes effective on September 1.

The deal leaves Gränges Aluminium with an effective monopoly of the Swedish market, where it produces some 110-115 thousand metric tons of aluminium against a consumption of 160,000 metric tons. Mr. Dahlfors underlined, however, that the aim was to increase exports. SAPA, which has sales companies in Denmark, Finland, Norway and Switzerland as well as a manufacturing plant in Britain, was responsible for three-quarters of Swedish Aluminium section exports last year.

RTZ was not represented at the Press conference at which the purchase was announced, but its motive for selling is understood to be difficulty in obtaining a sufficient return on capital under Swedish taxation laws. SAPA, which was started in 1952 by the present Swedish managing director and deputy managing director, is now wholly owned by RTZ. It specialises in extruded products.

In a bad period for the aluminium industry last year its pre-tax earnings fell by 61 per cent. to Kr.10.8m. (£1.35m.) after a 6 per cent. decline in sales to Kr.149m. (£19m) It paid a dividend of Kr.92 per share compared with Kr.115 per share for 1974. SAPA's 1976 budget is targeted for a 9 per cent. growth in turnover but with profitability declining as a result of increasing costs. Payroll costs rose by 18 per cent. in 1975.

Gränges Aluminium anticipates sales of Kr.850m. (£107m.) this year, a considerable advance from the Kr.575m. turnover in 1975, when it achieved an operating profit of only Kr.8m. on capital employed of Kr.637m.

It produces some 85,000 metric tons a year of primary aluminium from its Sundsvall plant and about 15,000 metric tons of remelted aluminium. Last year it delivered 20,000 metric tons of sheet and strip, 22,000 metric tons of construction sheet and 9,000 metric tons of sections, but demand was well below capacity and it built up substantial stocks.

After the Swedish Government had declined to invest in an expansion of its Sundsvall plant, Gränges Aluminium was last year subjected to an extensive market orientated reorganisation, aimed at increasing its output of semi-finished and finished products. SAPA with its emphasis on sections fits into this structure, adding a third leg to Gränges's existing construction produces and aluminium foil output and giving a combined turnover of roughly Kr.1bn.

Included in the deal is the purchase from RTZ of an extrusion press, which will be installed at SAPA's British factory, doubling its capacity. Last year this plant delivered just over 2,000 tons of sections, increasing its sales by 42 per cent. and returning to profit.

## Anti-trust suit against Crane

BY STEWART FLEMING

NEW YORK, June 16.

THE U.S. Justice Department has brought an anti-trust suit against Crane, the world's leading manufacturers of industrial valves, in connection with its acquisition over the past seven months of about 19 per cent. of the Anaconda company's stock.

Anaconda is primarily engaged in metal mining and copper processing but it is also third among industrial manufacturers of valves. It is this aspect of the situation which has led the Justice Department to intervene.

The Department charges in its civil suit that Crane's acquisition of Anaconda stock could eliminate competition between the two companies and seeks a court order requiring Crane to dispose of its holding.

Crane has countered the announcement, saying that it is at a loss to understand the Government's action and adding that it intends to contest the suit.

It also drew attention to the acquisition by Atlantic Richfield, one of the U.S. largest oil companies, of 27 per cent. of Anaconda's shares. Arco's intervention in Anaconda's affairs represents one of the largest potential diversification attempts by a U.S. oil company outside oil or related businesses. Arco has said that it acquired its stake in Anaconda with a view to a possible merger.

## Rights issue from Laender

BY PAUL LENDVAI

OESTERREICHISCHE Laender Bank, Austria's No. 2 stock bank, has announced a capital increase from Sch.600m. (£18m.) to Sch.900m. Between June 22 and July 15 lists will open for new Ordinary shares to the tune of Sch.210m., and Preferential shares of Sch.90m. on a two-for-one basis.

The director-general and chairman of the Board, Dr. Franz Ockermueller, stressed to-day that this measure was in line with the strong expansion of the Bank's business operations and at the same time will help to create a more balanced relationship between equity and borrowed capital.

This is the first real capital increase in 20 years he said. There were two increases of the nominal capital, doubling it to Sch 500m. in 1967 and increasing it by a further 20 per cent. to Sch.600m. in 1973. These measures, however, did not bring in new funds because they merely involved transfers out of reserves.

The balance sheet of the Bank during the last ten years increased by 347 per cent. to Sch 56.3bn. but own funds at the end of 1975 constituted only 2.9 per cent. in terms of total liabilities as against 5.8 per cent. in 1970 and 9.7 per cent. in 1965. During the ten-year period savings deposits were up by 280 per cent. to Sch.14.2bn. and credits by 218 per cent. to Sch.25.9bn. The Director General emphasised that during the same period the Bank's staff expanded only by 38 per cent. to 2,900.

Laender Bank last year reported a record 32.2 per cent. increase in the balance sheet total to an all-time peak of Sch.56.4bn. Net profits were Sch.61m. and operating revenues Sch.1.2bn. An unchanged dividend of 10 per cent. was announced.

Laender Bank has a controlling interest in several major companies such as Perlmooser Cement Works with an annual output of 2.7m. tons; Waagner Biro a heavy engineering firm with a turnover of Sch.1.6bn. last year; Lenzing, a manmade fibre producer with a turnover of Sch.2.1bn. last year and the Voith Engineering company and primary producer of paper making machinery and turbines. The Federal State has a 60 per cent. controlling interest in Laender Bank.

## Buehrmann-Tetterode moves into Belgium

BY OUR OWN CORRESPONDENT

BUEHRMANN-TETTERODE, the Dutch paper products and packaging company, has acquired the share capital of the Belgian cellulose and paper manufacturer Papeteries de Mont St. Guibert. But as part of the transaction Soc. Nationale d'Investissement, of Brussels, is to take a 50 per cent. stake in the manufacturer by means of a share issue totalling BFrs.150m.

As reported on this page in the Financial Times yesterday, Soc. Nationale d'Investissement is being converted into a Belgian public holding company which will expand the volume of State investments in industry.

Buehrmann said here that Papeteries de Mont St. Guibert had a 1975 turnover of Fls.53m. An investment programme will be started in the near future aimed at achieving a production of around 80,000 tons of virgin testliner annually. Although the production of the main paper lines will be continued, production of basis paper for the wall-paper industry will cease.

A statement added that testliner is a semi-finished product for the cardboard industry, consisting of about two-thirds used paper and one-third virgin cellulose. Market investigations, it is added by Buehrmann, have shown that increasingly testliner will be replacing Kraftliner, which is solely made from cellulose. The Dutch company has several other Belgian subsidiaries which will act as suppliers to Papetries de Mont St. Guibert.

## First U.S. convertible Eurobond since 1973

By Mary Campbell

RAYMOND Overseas Finance, a wholly owned subsidiary of the American company Raymond International, has announced a $15m. convertible Eurobond issue. The issue will be the first convertible by an American company since 1973.

The indicated terms of the seven-year issue include a coupon of not less than 8½ and not more than 9 per cent. and a conversion price of about $25 per share with a premium of about 20 per cent. over the current $21¼ quotation. The conversion premium will not be more than 25 per cent., however, lead manager Kidder Peabody said yesterday.

The high coupon and conversion premium are unusual for a convertible Eurobond and apparently reflect the borrowing company's feeling that its stock is currently underpriced. Another unusual feature of the issue is the existence of a sinking fund, which will bring the average life down to 6½ years if fully operative.

The borrowing company is relatively unknown in the European capital markets, but initial indications are apparently that it will be heavily oversubscribed.

Also announced yesterday was the European Investment Bank's DM100m. issue. Coupon will be 8 per cent. on the seven year maturity. Lead manager is Deutsche Bank.

This issue marks the first occasion that foreign banks have been invited to underwrite a D-mark bond issue for an international institution. Although the management group continues to be restricted to German banks, about 50 foreign banks, all of them traditional members of management groups for EIB issues in other currencies, have been invited into the underwriting group.

## Suntory reveals its profits for the first time

BY CHARLES SMITH

TOKYO, June 16.

SUNTORY Limited, the giant of the Japanese whisky industry and one of the nation's largest privately owned companies, has published business results for the first time in its history.

The figures for the year ending last March show a current profit of Y24.9bn. (about £45m.) and after-tax profits of Y8.4bn. on a sales turnover of Y352bn. (about £640m.). Sales were up 20 per cent. on the previous year, Suntory says, and after-tax profits rose by 49 per cent. So the company has chosen a good moment to unveil its figures to the outside world.

Suntory, which was founded in 1891 by the father of its present president claims about 60 per cent. of the Japanese whisky market (including imported scotch). The company has recently begun to push whisky exports as well, partly by the direct method and partly by exporting malt concentrate for bottling overseas. Apart from whisky, Suntory is fourth largest in the highly competitive Japanese beer market where its market share rose last year from 4.9 to 5.7 per cent.

In terms of overall sales Suntory is smaller than Kirin, the member of the Mitsubishi group of companies which dominates the Japanese beer market, but its profits for the past year turn out to have been almost equal to those of Kirin during the latter's last 12-month business period.

Suntory says it certainly ranks below Distillers Corporation as a whisky distiller but the company appears to be emerging fairly fast into the front rank of world liquor producers. Suntory has submitted data to Fortune Magazine for the first time this year with a view to its inclusion in Fortune's list of the world's top 100 companies.

Suntory's good 1976 results are attributed to fast rising demand for whisky combined with relatively static costs of materials. The beer division ... money, reflecting the fact ... Suntory is still struggling to establish its position against Kirin, Sapporo and Asahi, ... three strongest brewing companies.

Although Suntory has at ... decided to publish profit figures (and will apparently do so regularly from now on) the company remains reticent about its share ownership.

It is admitted that members of the founder's family, including the president Mr. Keizo S... hold a large part of the ... equity but a Suntory spokesman said to-day that the family holding is "probably" less than ... per cent. Other shareholders ... likely to include banks and ... stitutions though this remains purely speculative.

Suntory has in the past been considered one of the "... three" Japanese non-quoted companies whose business results remained unpublished. ... other two are Idemitsu, a family controlled oil company, and ... construction concern Takenaka Komuten.

## Commission recommends changes at RSV

BY MICHAEL VAN OS

AMSTERDAM, June 16.

A COMMISSION formed to restructure the Dutch medium-sized shipbuilding industry has recommended that the Alblasserdam yard of RSV be brought into the Van der Giessen-de Noord group which already has yards at Alblasserdam and Krimpen.

A statement from the commission, whose recommendation is almost certain to be accepted by the government and the other interested parties, said the future of the RSV yard at Heusden would be decided at a later stage. It was first thought that that yard, too, would be joining the Giessen group. The definite details of the arrangements will be published in August after discussions with the works councils of the companies involved.

In return for ceding its Alblasserdam yard to Giessen, RSV will be getting an undisclosed minority interest in that group's capital which is to be increased, with the Dutch government also taking a participation. The new grouping, which will be able to build ships up to around 70,000 dwt. can count on state-guaranteed loans for modernisation in the next few years. And after 1980, when the order situation is expected to be improved, a new dock is expected to be built with state loans which would total Fls.195m. spread over a number of years. A spokesman for the commission said to-day, commenting on the reports that RSV would in the end be interested in taking over the stock-exchange quoted Giessen group (which has strongly rejected this), that such a possibility would "not be ruled out" in the future. However, in view of the many uncertainties already existing in the shipbuilding sector, no agreements had been made to that effect.

As reported earlier a ... commission representing ... shipbuilding employers ... employees will be looking shortly at the whole of the Dutch shipbuilding sector where the ... of orders has caused serious difficulties and worries for ... employment prospect. But the commission's final plans will ... affect decisions taken in connection with the current commission's proposal for Giessen.

Meanwhile, an authoritative Dutch weekly newspaper disclosed to-day that RSV has ... for two interest-free loans totalling Fls.30m., to enable it ... finance its subsidiary, Rotterdam Nuclear, which manufactures vessels and parts for nuclear power stations. If the loans ... not forthcoming, the company ... said to have stated in a letter ... the Economics Minister, it would be forced to close down ... January 1, 1977.

Finally, RSV has confirmed ... Rotterdam that it had "... hopes" that negotiations would be concluded shortly with ... Egyptian State shipping company for the supply of five freighters ships of 12,000 tons each. ... understood that the Dutch Government has granted substantial aid to attract the order.



## Statsfoeretag expects a loss

BY WILLIAM DULLFORCE

STOCKHOLM, June 16.

STATSFOERETAG, the Swedish state holding company, expects to run at a loss this year for the first time since its formation in 1970. For the first four months it reports a pre-tax loss of Kr.54m. (£6.8m.) on the consolidated account of its 30 constituent companies, despite a 20 per cent. increase in sales to Kr.3.1bn. (£363m.) over the corresponding period of 1975. Mr. Per Skoeld, the managing-director, anticipates a loss of Kr.250m. (£31.3m.) over the year as a whole compared with earnings of Kr.321m. last year.

The reported Kr.260m. decline in earnings over the first four months rises to around Kr.300m., if a change in the method of evaluating inventories is taken into account. Similarly, if depreciation at replacement cost is applied and anticipated stock profits of some Kr.100m. are excluded, the forecast loss for the year as a whole could be as high as Kr.800m.

Statsfoeretag's financial director, however, points out that such a calculation would not take into account the inflationary gains on the company's heavy debt. "We are still searching for a method which would give a correct picture of our results," he adds.

The earnings deterioration over the first four months stemmed in the first place from the KR138m. loss reported by Orrbottens Jarnverk (NJA), the controversial state steel works in North Sweden, but Statsfoeretag's other major units, LKAB, the iron mining company, and ASSI, the forest-based concern, also showed lower profits. Some improvement is expected in the pulp and paper field later this year but probably too late to raise ASSI's earnings significantly.

The Uddevalla and Karlskrona shipyards, on the other hand, are expected to show better profits this year, as is KMV, which manufactures railway rolling stock. Annual turnover is forecast to reach KR10bn. (£1.25bn.) or some KR2bn. more than last year.

Statsfoeretag showed a steady increase in earnings from 1970 to 1974, when a pre-tax profit of KR987m. was recorded on sales of just over KR8bn. The general recession and in particular the collapse of the steel market brought an abrupt reversal in the profit trend last year, which is now expected to continue through 1976. At the annual general meeting last month Mr. Skoeld predicted a profit improvement in 1977 and a ... recovery in 1978 as the upturn in the business cycle takes full effect.

The holding company, meanwhile, is not toning down its ... heavy capital investment programme. Despite the postponement of a few projects, about KR500m. was spent during the first four months and investments for the year as a whole are estimated to reach KR1.9bn. (£238m.) against KR1.5bn. last year.

### SELECTED EURODOLLAR BOND PRICES
### MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Aquitaine 10pc 1985 | 104 | 105 |
| Ashland 8pc 1987 | 95½ | 96½ |
| Austrasuiss 8pc 1987 | 93 | 94 |
| BFCE 8½pc 1985 | 99½ | 100½ |
| CNE 9½pc 1985 | 100 | 101 |
| Conoco 9pc 1986 | 98½ | 99½ |
| ECS 9½pc 1986 | 100½ | 101½ |
| EIB 9½pc 1985 | 101½ | 102½ |
| Erap 9¾pc 1985 | 101½ | 102½ |
| Esso 9pc 1986 Nov. | 100½ | 101 |
| Eurofima 8¾pc 1987 | 99½ | 100 |
| Granges 9½pc 1985 | 101 | 102 |
| Massey 9½pc 1982 | 103 | 104 |
| Michelin 9½pc 1986 | 100 | 101 |
| Modo 9½pc 1983 | 100 | 100½ |
| Newfoundland Labrador 9½ '86 | 101 | 102 |
| New Zealand 9½pc 1982 | 102½ | 103½ |
| Norpipe 9½pc 1986 | 100 | 100½ |
| Norsk Hydro 9½pc 1986 | 101 | 101½ |
| Oslo 9pc 1988 | 99½ | 100½ |
| Pacific Light 8pc 1988 | 93½ | 94½ |
| Prov. Quebec 9pc 1984 | 100½ | 101½ |
| Scanraff 8½pc 1988 | 99½ | 100½ |
| SFE 9pc 1983 | 100½ | 101 |
| Shell 8pc 1986 | 98½ | 99½ |
| Standard Oil (Ind.) 8½pc '89 | 103 | 104 |
| Svenska Handels 9½pc 1986 | 101 | 101½ |
| Volvo 9½pc 1985 | 101½ | 102½ |
| **NOTES** | | |
| Barclays 9¼pc 1982 | 101½ | 102½ |
| British Gas 9pc 1981 | 99½ | 100½ |
| Charbonnages Free 8¾pc 81 | 98½ | 99 |
| Denmark Mort. Bk. 9pc '80 | 100 | 100½ |
| ECS 8¾pc 1981 | 100½ | 101½ |
| EEC 8½pc 1981 | 100½ | 101½ |
| Electricity Council 8¾pc '81 | 99½ | 100 |
| Montreal 9¾pc 1983 | 102 | 102½ |
| Nippon Steel 9¼pc 1980 | 101½ | 102 |
| Norway 8¾pc 1981 | 100½ | 101½ |
| Prov. Quebec 8¾pc 1981 | 100½ | 101½ |
| Seagram 9pc 1983 | 101½ | 102½ |

Source: White Weld Securities.

| CONVERTIBLES | Bid | Offer |
|---|---|---|
| American Express 4¼pc '87 | 79 | 81 |
| Ashland 5pc 1988 | 83½ | 84½ |
| Beatrice Foods 4½pc 1992 | 95½ | 97½ |
| Beatrice Foods 4½pc 1992 | 111 | 113 |
| Borden 5pc 1992 | 95 | 97 |
| Broadway Hale 4½pc 1987 | 75½ | 77 |
| Canon Camera 7½pc 1989 | 146½ | 149½ |
| Carnation 4pc 1987 | 77½ | 79 |
| Chevron 5pc 1988 | 116½ | 118½ |
| Dart 4¾pc 1987 | 77 | 79 |
| Eastman Kodak 4½pc 1988 | 115½ | 117½ |
| Economic Labs. 4½pc 1987 | 76½ | 78½ |
| Fed. Dept. Stores 4½pc '85 | 109 | 111 |
| Firestone 5pc 1988 | 85½ | 86½ |
| Ford 6pc 1986 | 96½ | 98 |
| Ford 5pc 1988 | 84½ | 86 |
| General Electric 4¼pc 1987 | 83½ | 85½ |
| Gillette 4½pc 1987 | 75 | 77 |
| Gould 5pc 1987 | 95 | 97 |
| Gulf and Western 5pc 1988 | 100 | 102 |
| Harris 5pc 1992 | 85 | 87 |
| Honeywell 6pc 1986 | 91½ | 93½ |
| ITT 4½pc 1987 | 72½ | 74½ |
| Komatsu 7½pc 1990 | 106 | 107½ |
| J. Ray McDermott 4¾pc '87 | 144½ | 146½ |
| Mitsubishi Elec. 7¾pc 1991 | 104½ | 106 |
| Mitsui 7½pc 1990 | 102½ | 104½ |
| J. P. Morgan 4¾pc 1987 | 116 | 118 |
| Nabisco 5½pc 1988 | 92 | 94 |
| Owens Illinois 4½pc 1987 | 101½ | 103½ |
| J. C. Penney 4½pc 1987 | 78 | 80 |
| Pioneer 8½pc 1988 | 208 | 212 |
| Revlon 4½pc 1987 | 102½ | 104½ |
| Reynolds Metals 5pc 1988 | 87 | 89 |
| Sperry Rand 4½pc 1987 | 96½ | 98½ |
| Squibb 4½pc 1987 | 75 | 77 |
| Texaco 4½pc 1988 | 76½ | 78½ |
| Toshiba 6½pc 1990 | 111½ | 113½ |
| Union Carbide 4½pc 1982 | 119 | 121 |
| Warner Lambert 4½pc 1987 | 92½ | 94½ |
| Warner Lambert 4½pc 1988 | 79½ | 81½ |
| Xerox 5pc 1988 | 79½ | 81½ |

Source: Kidder, Peabody Securities



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# Overseas drive by Wheatsheaf

CONTINUED growth overseas is seen by Mr. E. Aylett Moore, chairman of Wheatsheaf Distribution and Trading and the directors expect to add further to investments this year.

He confirms in his annual statement that company policy is now clearly seen to be working—Carrefour is growing and, since the year-end, there has been a return to healthier times in the wholesale companies. He views the future "with confidence."

By the company's definition there are only four hypermarkets in the U.K. of which three are Carrefours. Another is about to be constructed at Minworth, near Birmingham; with a selling space of 70,000 square feet to be opened next year and a further Carrefour at Bristol of 90,000 square feet is possible the year after.

As already reported, turnover was up from £227.26m. to £275.86m. and pre-tax profit for the year ended February 28, 1976 improved from £2.95m. to £3.91m. Dividends are up from 4.48038p to 5.05p net.

In the first half profits were debilitated by the Price Code and in the second half, a combination of recession and a mild winter caused sales to be slacker and thus turnover was below budget, but net margins were maintained at a more normal level.

Adjusting for inflation, on a CCA basis, the cost of sales would have been £2.2m. higher than under the historic cost.

The chairman says that Hypermarket (Holdings) is now making a satisfactory clear net profit after all charges, development expenditure and overheads. This contribution will increase in future, but from time to time opening expenses may impinge on peak performances.

Referring to the acquisition of *Pidou in the Pas de Calais*, he says that the results are better than forecast. The directors look forward to enlarging the scope of these fresh activities; indeed, a wine bottling business in the same region has been acquired.

The directors intend to have the group's properties professionally valued, as at February 26, 1977.

A statement of source and application of funds shows a net inflow of £6.82m. at year-end, compared with £2.41m., comprising an increase in deposits at notice of £2.44m. (nil), an increase in cash at bank, in hand and in transit of £0.62m. (£0.82m.) and a decrease in bank overdrafts of £3.76m. (£1.59m.).

Deposits at notice stood at £2.57m. (nil), cash at bank, etc., £3.52m. (£2.85m.) and overdrafts £0.2m. (£3.96m.).

Meeting, Winchester, July 8, 12.30 p.m.

## Pahang quote suspended

The Ordinary shares and 7 per cent. cumulative Preference shares of Pahang Consolidated were suspended yesterday morning on the Stock Exchange following their suspension on the Kuala Lumpur Stock Exchange. The suspension in Malaysia followed an investigation into alleged improper share dealings between Pahang and its associated company, Faber Merlin Malaysia.

MINING NEWS

# Selection Trust makes second-half headway

BY MALCOLM DUMPHREYS

AS ANTICIPATED at the half-way stage when lower earnings were reported, London's Selection Trust fared better in the second six months and attributable profits for the year to last March are now announced at £6.07m. compared with £5.98m. for 1974-75. The profit is struck in the latest case after providing for an extraordinary item of £495,000 which relates to the writing down of the company's investment in one of its Canadian subsidiaries.

A final dividend of 10.2p makes a total for the year of 15.2p compared with 14p for 1974-75, the latest distribution not being payable on the shares issued either by way of the April rights issue or in connection with the acquisition of Alexander Shand (Holdings) in May of this year.

| | 1975-76 £000s | 1974-75 £000s |
|---|---|---|
| Operating profit | 7,575 | 8,106 |
| Profit on investments | 5,845 | 3,293 |
| Dividends | 5,715 | 5,217 |
| Interest received | 2,022 | 1,622 |
| Sundry revenue | 55 | 107 |
| Admin. etc. expenses | 2,364 | 2,205 |
| Exploration | 1,192 | 2,209 |
| Interest on loans | 4,422 | 3,418 |
| Exchange differences | 127 | 49 |
| Written off | 471 | — |
| *Pre-tax profit* | 12,214 | 10,565 |
| Taxation | 5,991 | 4,490 |
| Net profit | 6,223 | 6,075 |
| Minority interest | 142 | 995 |
| Extraordinary item | 495 | — |
| Available | 6,072 | 5,980 |
| Dividends | 3,522 | 3,105 |

The results are not strictly comparable as they include this time those for Consolidated African Selection Trust which merged with Selection Trust in March last year.

Although there was a modest decline in operating profits owing to lower base metal prices affecting the performance of the Canadian South Bay operations, dealing profits were higher by over £2m. owing to sales of shares in Amax, Western Mining and Southvaal.

The lower exploration charge reflects a credit of some £1.7m. from monies put aside earlier for its share of expenses at the Canadian Detour copper-zinc-silver-gold prospect and also gas exploration. Although no dividends were received from the Tsumeb base metal operation in South West Africa, some £2.2m. was forthcoming from Selection Trust's West African diamond interests.

In the current year, profits from South Bay should show an improvement reflecting higher base metals, a factor which could also produce a return to dividends at Tsumeb. The improving nickel market could help the loss-making Sparzoville operation while oil and gas interests, the latter for the first time, should also make increased contributions.

A question mark must hang over diamond dividends, however, while it might be difficult to maintain share-dealing profits. In all a further expansion in earnings can be looked for although on a yield basis the shares are less attractive than some of their U.K. counterparts. Selection Trust were 5p lower at 485p yesterday.

## AUSTRALIA'S URANIUM

*The chairman of* Australia's potential Northern Territory uranium producer Pancontinental, Mr. Tony Grey, said in London yesterday that he was convinced that Australia would shortly make uranium supplies available to the world market. He added that "consumers would be able to rely on Australia to supply substantial amounts of uranium over the next 30 years at least."

Despite opposition from environmentalists and certain trade union elements, Mr. Grey hoped that Government development approval would be forthcoming by the end of this year or early in 1977. Total production capability based on current reserves could be around 20,000 tonnes, he added.

The uranium advisor to the Chamber of Mines of South Africa, Mr. R. Worroll, said uranium production in southern Africa is expected to treble to an annual output of around 10,000 by end-1978, from a 1975 figure of 2,800 tonnes, a substantial part of the increase coming from Rio Tinto-Zinc's new Rossing mine in South West Africa.

## IDRIS TIN SEES LITTLE CHANGE

The general managers of Idris Hydraulic Tin expect results for 1976 to be similar to those of last year. In 1975 dividends totalling 7.15p a share were paid from net profits of £144,000. In the five months to date of the current year tin concentrate production has fallen to 133½ tonnes against 172 tonnes for the same period a year ago but the current Penang price of the metal of $1,190 per picul compares with an *average price for 1975 of $964 a picul.*

The transfer of part of the mining operations to the central area has been completed—and production started—where reserves consist of tailings from previous operations overlying virgin ground at depth. Negotiations with a neighbouring mine to allow complete exploration of high-grade ground on the southern boundary have been successfully completed. Idris were 67p in London yesterday.

## ROUND-UP

A small recovery is reported in South Africa's gold production last month with a figure of 1,880,138 ounces going against 1,853,310 ounces in April and 1,894,715 ounces in May of last year. Output for the first five months of the current year comes out at 9,286,473 ounces compared with 9,298,764 ounces for the same period of 1975 when the full year's production of 22.76m. ounces was the lowest for 14 years.

* * *

The largest single coal shipment in history, 135,007 tonnes, is *claimed by America's Utah International.* The coal was mined by its 89.2 per cent.-owned Australian subsidiary, Utah Development at its Peak Down mine in central Queensland and shipped via the port of Hay Point.

* * *

The London listing of Rand Leases (Vogelstruifontein) Gold will be cancelled from July 1 but the shares will continue to be listed on the Johannesburg Stock Exchange. The company says that as operations ceased some time ago and the mine is on a care and maintenance basis, the cost of the listing on the London Exchange and of complying with the current requirements is not justified.

* * *

Israeli exports of polished gem diamonds increased by 22 per cent. to a net 1.36m. carats worth $278m. (£156m.) in the first five months of this year compared with the same period of 1975. The main markets for the gems were the U.S., Hong Kong, Holland, Japan and Belgium.

## Northgate in the IoM

THE MYSTERY prospector who a year ago was given approval *in principle for the issuing of a* prospecting licence on the Isle of Man has now been revealed as Dr. Juan Watterson, a Manxman who is a university lecturer and consultant in geology.

Dr. Watterson and a Manx investment group together with the Canadian-Irish Northgate Exploration group, have formed Carrick Exploration with an authorised capital, not yet issued, of £250,000.

Our Isle of Man correspondent reports that the prospecting licence granted by the Manx Government is for three years from July 1975 and Carrick Exploration is prepared to spend up to £500,000 on the exploration programme. The licence area, which covers approximately 10 square miles in the south of the island, does not contain any of the traditional mining districts of the island.

In the past, when there was a thriving mining industry, all the producing areas were located exclusively on the rock formation known as "Manx slates." The Carrick licence covers the only area occupied by limestone and is geologically similar to *successful areas in Eire.*

It is being emphasised that this is a prospect and not a deposit. The licence carries with it the right to apply for a mining lease and the Manx Government would benefit directly through receipt of royalty payments on ore extracted and taxation of company profits at the standard rate of 21.25 per cent.

## MR. BIGGS WINS HIS TAX WAR

West Australian prospectors have finally won a notable victory over the taxman with advice from the Taxation Department to Leonora prospector-businessman Keith Biggs that his tax has officially been reduced from $1.76m. (£1.2m.) to $10,000 (£7,000).

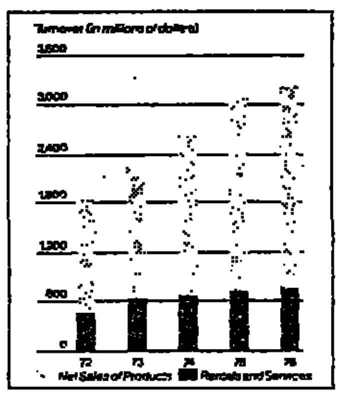
The case related to his income from 1967 and hinged on the definition of "bona fide prospector." The victory could affect about 1,000 other prospectors, with tax bills totalling about $20m. (£13.9m.), although Mr. Biggs has been told it would not necessarily mean other *prospectors would benefit.*

The former butcher-businessman made his fortune during the early days of the Poseidon boom and expects to recoup only about half the $65,000 (£45,000) expended in legal costs.

# Sperry: "the best year in history despite the economy."

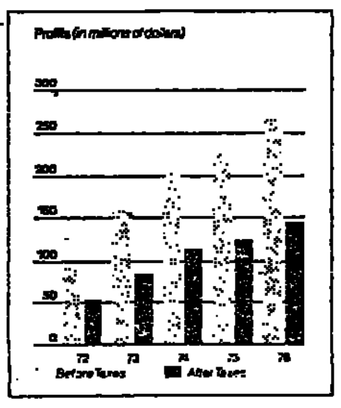
## A special report to European Investors.

"We are pleased to report that Sperry Rand Corporation's fiscal year, ended 31st March 1976, was the best in our history in terms of turnover and profits after tax, despite the unsettled worldwide economic conditions that prevailed for most of the year. Computer, farm equipment and guidance and control operations led Sperry's continued growth.




**Turnover.** Amounted to $3,202.6 million, up 5.3% over fiscal year 1975, and up 84.1% over fiscal 1971.

**International.** Turnover from customers outside the United States was $1,433.6 million, 44.8% of total turnover. This represents a compound annual growth rate of 20% over the past five years for Sperry's international business.




**Earnings.** Profits after tax were $145.3 million, equal to primary earnings per share of $4.19, up 16.0% over the prior year. In the past five years, profits after tax have grown 120.9%, a compound annual rate of 17%.

**Shareholders' Equity.** Shareholders' equity increased to $1,169 million, or $33.75 per share, up 11.8% over fiscal 1975. This is a 55.1% increase over five years ago.

### An Earnings Strategy

Our objective over the past several years has been to achieve a consistent, stable growth in earnings per share. Since fiscal 1972, when we suffered a decline, earnings have set a record each year. Most significantly, we have grown consistently since fiscal 1972 through a complete economic cycle including the most serious recession of the post war era.

The earnings records were the direct result of management programmes which anticipated market conditions. Our divisions concentrated maximum effort on reducing stocks, improving debtor turnover and cutting costs generally, without severely interrupting long-range development programmes or impairing customer relationships.

Stringent asset control programmes were in place throughout Sperry before we felt the full force of the economic downturn. The one area of particular concern to us was stocks. The level of stocks decreased from $965.8 million to $824.0 million, 14.7%, during fiscal 1976. One important result of this programme, of course, was to reduce cash requirements during a period of relatively high interest rates.

### Outlook

Looking ahead, we believe the economic recovery will continue, faster in some countries such as the United States than in others.

Factors causing concern include inflation which, though declining, is still unacceptably high in most countries, and could threaten a sustained business recovery.

The instability of world currencies in relation to the U.S. dollar is another problem with a disruptive influence on business forecasting. During the past year, unfavourable changes in currency translation rates had a negative effect on the turnovers and earnings of Sperry's international subsidiaries.

We also expect the external social, political and economic environment to be as uncertain and possibly as difficult for business as it has been in recent years.

On the brighter side, we believe Sperry is well positioned to take advantage of the opportunities created as a more favourable climate for industrial and consumer goods evolves. Our continuing objective is to improve annual earnings, increase return on equity capital, and strengthen our financial position. Barring major economic disruption, we see continued growth in fiscal 1977."

J. Paul Lyet

J. Paul Lyet
Chairman of the Board and
Chief Executive Officer

*For a copy of Sperry Rand Corporation's new annual report, please write to R. Mantel, Secretary-Treasurer, Sperry Rand Ltd., 78 Portsmouth Rd., Cobham, Surrey KT11 1JZ.*

## Divisional Highlights

### Sperry Univac

While the growth rates of worldwide computer markets slipped below the record levels of earlier years, Sperry Univac continued to achieve gains in turnover, orders, deliveries and profits. Worldwide computer-related turnover increased for the 14th consecutive year, rising 11% to $1.43 billion. Computer-related orders increased to $1.250 billion in fiscal 1976, up 9% over the previous year. At the end of fiscal 1976, the total value of Sperry Univac computer systems in use throughout the world exceeded $7.4 billion, up 15%. This installed base has grown at a compound annual rate of more than 19% in the past five years. Orders from customers outside the United States represented 42% of the 31st March 1976 order backlog of approximately $1 billion.

In fiscal 1976, we strengthened and expanded our marketing and product development activities. Expenditures for marketing have increased 50% in just three years. Total investment in computer-related research and development reached $114 million in fiscal 1976.

Potential markets were broadened for Sperry Univac's 1100 series and the Series 90 family of computers with key new additions to the product lines during the year. The worldwide installed base for the 1100 series exceeds $2 billion and is growing steadily. The 90/30 computer system is a major factor in the worldwide small computer market, and more than a thousand units have been ordered since it was introduced two years ago. Nearly 60% of the orders were from new customers.

In the office equipment area, consolidation of Sperry Remington Office Systems and Machines operations into Sperry Univac continued on plan.

### Sperry New Holland

Sperry New Holland is the largest manufacturer of specialised farm equipment in the world. In fiscal 1976, the demand for most products of the farm equipment industry levelled off from the highs of the past several years. Sperry New Holland accurately forecast this condition, and achieved record turnover and pretax profits by introducing new products, entering new markets, increasing its share of key markets and adopting a vigorous asset management programme.

Worldwide turnover for the year rose 16% over the fiscal 1975 level, with the percentage increase about equal in most major markets.

During the year we introduced more new machines to the European market than ever before. Major plant additions were completed in Dijon, France; Aylesbury, England; and Zedelgem, Belgium. A new sales centre was opened in Bielefeld, the Federal Republic of Germany. A new engineering centre in Zedelgem to serve the European market will be completed during fiscal 1977. A major event during the year was the manufacture of the 100,000th self-propelled combine harvester at the Zedelgem, Belgium factory.

### Sperry Vickers

Sperry Vickers continues to be the world's largest supplier of fluid power equipment. Fiscal 1976 was a difficult year as the worldwide recession in the capital goods markets deepened. The division's turnover declined 12.5%, and new orders were down 34.7%. Profitability was maintained, though at a reduced level, through cost saving contingency plans.

In order to be prepared for an anticipated upturn in worldwide markets, the division concentrated its resources in high volume markets and eliminated unprofitable products.

The period of low incoming orders, order cancellations and customer stock reduction programmes appears to be over. New orders and turnover are expected to improve first in the earthmoving, construction, plastics, agricultural and automotive market segments.

Competition in the fluid power industry is expected to be intense during fiscal 1977, but with the key new products introduced in fiscal 1976, the division anticipates improving its market share in several areas.

### Sperry Division

Sperry Division, consisting of Sperry Gyroscope, Sperry Systems Management, Sperry Marine Systems and Sperry Gyroscope (England) met or exceeded its profit, turnover and order backlog goals for fiscal year 1976. It began fiscal 1977 with a strong order backlog, and is positioned to continue the steady growth in both defence and commercial navigation, guidance and control areas.

The division is an important source of shipboard fire control systems, missile command and launch systems, and systems management of major naval programmes. Other marine products, military and commercial, include automatic ship steering systems, navigation radar, and low and medium cost gyropilot ship steering systems.

In civil systems activities, Sperry continues to be a leader in urban and highway computerised traffic control systems.

The division will continue its policy of identifying its efforts with long-term strategic programmes in its military business areas, and with innovative applications of technology in its commercial business areas.

### Sperry Flight Systems

Increased business in the space, defence and general aviation markets helped Sperry Flight Systems weather the recession as sales declined in the commercial airline market. Turnover actually rose 20% to a record for the division.

Space and defence business included work for the NASA space shuttle project and the U.S. Air Force F-15, F-16 and B-1 programmes.

Although there was a decline in production of airline transports, Sperry Flight Systems continued to produce instruments, gyroscopes and autopilots for these aircraft. The highlight of the year was an order for the 1,200th Boeing 727 autopilot.

In fiscal 1977 the division's marketing emphasis will be on the defence and general aviation markets.

### Sperry Remington

Sperry Remington consumer products business improved and the division moved to a small profit in fiscal 1976 from a loss position in the previous year. The division had a turnover increase of 6% in its major lines – electric shaver and hair care products. Major efforts during the year were focused on a return to profitability through reduction in fixed costs and increased productivity. Several new personal care products were introduced and well received by consumers both in the United States and in Europe.

# Moro country in southern Italy

By DOMINICK J. COYLE, recently in Bari

DOWN HERE in the very heel of Italy it is very much Moro country, the fief of Prime Minister Aldo Moro. In a country where politicians — and especially Christian Democrats —are noted for their durability *Moro has demonstrated a staying power better than most*: indeed, he is the one leader able to mount any sort of challenge to the record of the late Alcide de Gasperi who headed eight governments in the early years of the Republic. Moro's present record is five, including one, which lasted for some 27 months, an improvement on de Gasperi's longest, and a considerable achievement by Italian standards where, on average the life of a government tends to be counted in months, not years.

Moro has another distinction among most top Christian Democrat leaders; his particular penchant would seem to be more for the kind of compromise necessary to put and keep together a coalition of party political interests than attempting to be referee between the disparate factions within the party itself. It was he who managed to assemble in 1963 Italy's first so-called "organic" centre-left administration which brought the Socialist Party actually into *the Government — not merely* offering it external support — a formula in cabinet making which at the time was almost as controversial as the present possibility of the Italian Communist Party having some direct role in the administration after this weekend's general election.

Moro's critics talk about him as a colourless, rather neutral compromiser: his admirers, while acknowledging that he lacks anything even bordering on political charisma, claim he is a shrewd and able political strategist. Both sides mostly agree that he is personally honest, a label which nowadays is seldom attached to Italian politicians, and certainly not to most leading Christian Democrats.

*Bari, and indeed the whole* region of Puglia, is still relatively safe Christian Democrat territory, although the Communist Party (PCI) is well organised and has in recent years been making some electoral headway, but on nothing like the scale seen nationally in the June, 1975, regional elections. Across the country the PCI then reduced the gap between itself and the DC from 11 to about three percentage points, here in Puglia it is still almost 11 per cent, although it was some 16 per cent, in the last national contest four years ago. The *regional* government today mirrors the kind of centre-left administration Moro *first headed nationally* 12 years ago, and the same applied in the Bari municipality until the reign of the local party under Mayor Nicola Vernola (DC) ended a few weeks ago.

Sig. Aldo Moro

The Bari-Foggia constituency will be sending 23 deputies to Rome this time, one less than in the 1972 General Election owing to a small shift in population, although the big drift from Puglia to the northern cities of Milan and Turin has been a relative trickle in recent years. One will certainly be Moro, a second the PCI's international expert, Sig. Sergio Segre, who according to one amusing account was "sent" by the party four years ago to run in Foggia in his first national *contest with an assurance that* he would receive a specific number of votes. He won a seat, but seemingly on the basis of the first count with somewhat fewer votes than party HQ in Rome had promised. However, all was well when the final official return came in, since Segre's total was accurate as forecast to the nearest ten votes. Local PCI officials have a justified pride in the organisation throughout the Communist Party and in a system where actual members (roughly one in every six of PCI voters last June) follow to the letter pre-election instructions on using preferences for named individuals.

Moro, too, will no doubt benefit from the preference voting system, but few people here, including PCI officials and workers, argue against his personal popularity locally. But then Bari and Puglia as a whole has not been a loser by having Aldo Moro in Rome at the head of five governments and foreign minister in a few more besides. Public investment and a number of new industries have come *to the area not, even the Com*munist admit, by "direction" but by what is termed locally as "a little bit of guidance from the top."

There is now unemployment, but it is much less—and indeed less immediately visible—than in most southern towns and cities, and local politicians running *for election to the city* council are, one *feels*, being somewhat hard-pressed to find solid "local issues." The traffic chaos in Bari is terrible, but then in a city which has little real tourism, that must surely reflect a fair deal of indigenous wealth. The old city has its share of slums, but again nothing like Naples, although there is a serious conflict between the perhaps over-expansion of private construction and depressed public building as in all too many municipalities throughout Italy which are starved of investment capital. Again, there is a depressing divide between the generally inefficient and badly equipped public health service and an over-staffed (and certainly over-expensive) private service, but *that too is an Italian problem* nationally, most of all in the south. Yet Bari as a city looks alive, fresh and new, perhaps in part because it was designated under Mussolini's Fascism to be a modern port for trade with Africa.

The Mussolini era is not altogether forgotten here: indeed the leader of the neo-Fascist MSI group, the octogenarian (84 in fact, and campaigning this week like the proverbial two-year-old) Senator Araldo Crollalanza was a minister under Il Duce in the 1930s, and nowadays makes no apology for it. Older voters too speak well privately of the Mussolini past, and of what Il Duce did for the region. In the last General Election in the Bari-Foggia constituency, the MSI had more than 12 per cent of the popular vote, an increase over the 1968 contest of more than double or close on 80,000 votes—just about the combined losses four years ago of the DC, PCI and the Socialists.

In the 1960s Sig Moro was *seen locally to be moving to the* Left with his centre-left experience, and the people of the Bari-Foggia area have shown a tendency to move to the Right whenever the local political status quo is disturbed. This time most of them appear happy with Moro and his largely anti-Communist electoral campaign nationally.

In *Puglia*, and throughout the Italian south, the long ruling Christian Democrats are gradually losing electoral ground, but it is still DC territory overall. The shift in the popular vote to the Left may, in fact, turn out *to be more significant in per*centage terms in the main urban areas than in actual parliamentary seats changing hands in the constituency as a whole. Bari will still have Aldo Moro, perhaps indeed the city may even see more of him in the first few months following the elections when, barring the Communists emerging nationally as the largest single party, the first government to be formed in Rome is likely to be *only an interim affair. But*, afterwards, government-making may require a fair deal of flexibility and manoeuvring, and Sig Moro is not without talents in both areas.

# WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

## Lebanon murder cuts advance to 2.7

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 16.

THE KILLING in Beirut of the U.S. Ambassador to Lebanon touched off some late selling on Wall Street to-day, erasing part of a fairly broad market rise.

At 3 p.m. the Dow Jones Industrial Average was showing a gain of 6.47, but after news of the murder the index fell back to 988.62 for a closing rise of only 2.70. The NYSE All Common index—3.44 ahead at 2 p.m.—ended 0.32 up at 54.36.

Volume at 21.62m. shares was 3m. up on yesterday. Advances led falls 878 to 539.

For most of the session, the market was influenced by investor optimism about the short-term outlook for monetary policy and interest rates and also by a Commerce Department report of a 2.4 per cent. increase in housing starts last month.

Westinghouse, a volume leader, rose $1 to $16½ on 273,700 NYSE shares—it said it knew of no reason for the activity in the stock.

Fluor Corpn., which earlier in the week raised its dividend, gained $1⅞ to $41.

Todd Shipyards, which said it has been in "casual merger discussions" with another company, picked up $1⅞ to $10⅜.

Sherwin-Williams climbed $2¼ to $30⅜ on sharply higher earnings. Ryder System moved ahead $1 to $12½ on a favourable earnings projection.

Hoover Ball and Bearing, which voted a three-for-two stock split, advanced $2⅞ to $32¼.

National Presto Industries gained $4¼ to $71¼ and Digital Equipment $2¾ to $164½.

Blue Bell moved up $1½ to $43¾—analysts were optimistic about its long-term prospects.

Dresser Industries advanced $1 to $83½, Xerox $1 to $57¼, National Semiconductor $2¾ to $46½ and Texas Instruments $4¾ to $122¾.

Heavily-traded Continental Oil climbed $1, to $39¾.

The American SE index finished 0.12 up at 103.35 as volume expanded to 2.08m. shares (1.94m.). Advances topped declines 306 to 209.

Presley Cos., gained $¾ to $11, Kaiser Industries $½ to $14½ and Houston Oil and Minerals $1 to $60½.

Ralph M. Parsons climbed $1½ to $33—it voted a three-for-two stock split.

### WEDNESDAY'S ACTIVE STOCKS

| | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Transamerica Corp. | 353,200 | 16½ | +⅜ |
| Gulf Oil | 339,100 | 27⅛ | −⅞ |
| Continental Oil | 336,400 | 39⅜ | +1¼ |
| Tenneco | 324,700 | 34 | −⅞ |
| Westinghouse Elec. | 317,200 | 16½ | −1⅛ |
| Pennzoil Pf. B | 295,200 | 67⅜ | −⅝ |
| Texaco | 244,600 | 27 | −¼ |
| Citicorp | 237,200 | 36⅝ | −⅞ |
| Deltona Corp. | 228,100 | 12 | −⅞ |
| Gen. Pub. Ut. | 217,000 | 16½ | −¼ |

### Canada irregular

Prices changes were mixed in active trading on Canadian markets yesterday.

Industrials rose 0.45 to 189.85, Base Metals 0.17 to 89.65, Papers 0.20 to 116.28 and Banks 0.32 to 238.29, but Utilities dropped 0.59 to 142.18, Western Oils 0.65 to 236.50 and Golds 3.85 to 296.67.

In Oils Aquitaine of Canada lost $C1 to $C22¼ and Bow Valley Industries $C⅞ to $C23⅜.

Massey-Ferguson stood out among seniors, rallying $C1¼ to $C29¼ on 40,074 shares.

### OTHER MARKETS

PARIS—Irregular in a dull session as operators hesitated ahead of the French trade figures—due out later in the day.

Banks, Stores and Metals declined, while Constructions, Publishings and Oils improved.

Locafrance, Carrefoue, Hutchinson, CFP, Roussel and Generale de Fonderie advanced.

Antar put on Frs.1.70 to 58.80 following the announcement that the State-controlled Erap oil group now holds more than 90 per cent. of Antar's capital after a recent bid.

Decliners included Radar, Michelin, Printemps, Saone, PUK and Bancaire.

BRUSSELS—Irregular in quiet trading. Gains predominated in non-ferrous Metals. Vieille Montagne rose B.Frs.35 to 3,930 and Hoboken B.Frs.35 to 3,790, but Union Miniere declined B.Frs.28 to 1,132.

Steels were steady, but Electricals and Utilities gave ground. Chemicals and Holdings were mostly unchanged.

Oils tended higher with Petrofina up B.Frs.25 to 4,980.

U.S. and French shares declined, but German stocks advanced.

AMSTERDAM—Slightly lower in quiet trading. Dutch Internationals closed generally easier, but Royal Dutch rose 0.2 to Fls.130.4.

Elsewhere, Transport and Insurances tended lower, while Banks and Plantations fell.

Fokker rose after saying it reached an interim agreement to build R-18 fighter parts.

GERMANY — Broadly higher, except for banks. The Commerzbank index rose 5.7 to 730.5.

Among Banks Dresdner slipped 30 pfennigs to DM204.30 and Deutsche 40 pfennigs to DM283.10, but Commerzbank edged ahead 50 pfennigs to DM182.

Electricals were mixed Siemens rose DM1.40 to 289 while AEG declined 50 pfennigs to DM90.10. Chemicals were mostly higher. BASF put on DM1.30 to DM166.40 and Bayer 70 pfennigs to DM137.20.

Autos were strong, except for Volkswagen, which lost DM1.30 to DM129.50.

Utilities advanced, with gains ranging to DM4.30, but Metals dropped by an average of DM2.

SWITZERLAND — Slightly higher in moderate trading, with leading Banks and Financials narrowly irregular.

Oerlikon-Buehrle Bearer and Registered (both traded ex-dividend) recouped their coupon cession, while Bearer shares of Juvena and Schindler were lower.

Insurances witnessed only minor gains and losses.

VIENNA—Laenderbank (Preferred), Allgemeine Unfall, Treibacher and Veitscher slipped, but Semperit and Steyr recovered slightly from their recent downturn.

COPENHAGEN—Mixed with downward bias in moderate dealings.

OSLO—Banking, Insurances and Shipping quiet. Industrials steady.

MILAN—Firmer over a broad front after a quieter opening.

Fiat led Industrials higher, moving up L101 to L1,540, Assicurazioni Generali gained L460 to L44,320 in firmer Insurances, while Mediobanca eased L1,300 to L68,700 in Banks.

IFI Privileged and La Centrale were higher in Financials.

JOHANNESBURG — Easier on news of rioting in the black Johannesburg township of Soweto, but selling pressure was minimal. Some small London selling was noted.

The decline in Golds was largely attributed to bullion price considerations.

Financial Minings were lower in line with producers in quiet trading. Elsewhere, De Beers lost 5 cents to R3.30.

TOKYO—Irregular, but tending firmer amid continued interest in speculatives and trading houses. Volume totalled 360m. shares.

Trading houses firmed, led by Mitsui and Co., which rose Y47 to Y468.

Hitachi put on Y5 to Y224, Nissan Motor Y18 to Y645 and Tokio Marine Y21 to Y378. Some Pharmaceuticals, Non-life insurances and industrial plant makers also closed firmer.

Sony—down Y90 to Y2,910—Toyota, Kyoto Ceramic, TDK Electronics, Kansai Paint and some others which rose sharply yesterday closed lower on profit-taking.

HONG KONG—Sharply lower in moderate trading reflecting concern at the Peking announcement that Communist Party chairman Mao Tse-tung, reported in failing health, will no longer receive foreign dignitaries. Hong Kong Bank lost 60 cents to $HK 18.70, Hong Kong Land 25 cents to $HK6.95, Hutchison 17½ cents to $HK2.975, Wheelock "A" 7½ cents to $HK2.40, Jardine 30 cents to $HK20.20, Swire Pacific "A" 45 cents to $HK9.10, Hong Kong Electric 10 cents to $HK 4.275, China Light 40 cents to $HK22.00 and Hong Kong and Kowloon Wharf 30 cents to $HK 16.30.

Turnover totalled $HK43.67m. ($HK45.36m.).

AUSTRALIA—Slightly firmer in all sectors, with Mines pushed up by a late buying surge.

Pancontinental closed at $A12.80 for a gain of $A1.10. Mining issues were boosted by firmer overseas commodity markets.

MIM gained five cents to $A2.65 while Hamersley put on 3 cents to $A2.08.

## Indices

### NEW YORK —DOW JONES

| | June 16 | June 15 | June 14 | June 11 | June 10 | June 9 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 988.62 | 985.92 | 991.24 | 978.80 | 954.39 | 958.09 | 1,011.02 (21/4) | 858.71 (2/1) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| Home Bonds | 72.44 | 72.40 | 72.57 | 72.40 | 72.29 | 72.57 | 75.60 (22/4) | 69.11 (2/1) | | |
| Transport | 217.57 | 215.68 | 217.45 | 214.74 | 211.86 | 210.84 | 220.91 (11/5) | 175.69 (2/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 85.57 | 85.70 | 86.02 | 85.89 | 86.02 | 85.92 | 91.95 (4/2) | 84.81 (26/5) | 163.32 (20/4/69) | 10.58 (8/4/32) |
| Trading vol. 000's | 21,620 | 19,440 | 21,250 | 19,470 | 16,100 | 14,560 | — | — | — | — |

| | June 11 | June 4 | May 28 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 3.88 | 3.94 | 3.89 | 4.69 |

### STANDARD AND POORS

| | June 16 | June 15 | June 14 | June 11 | June 10 | June 9 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 114.79 | 114.17 | 114.75 | 113.52 | 111.91 | 110.90 | ‡116.57 (24/3) | 101.64 (2/1) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| Composite | 102.01 | 101.45 | 101.95 | 100.89 | 99.56 | 98.74 | 105.51 (24/3) | 90.90 (2/1) | 120.24 (11/1/73) | 4.40 (1/6/32) |

| | June 9 | June 2 | May 26 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 3.53 | 3.46 | 3.49 | 3.73 |
| Ind. P/E Ratio | 12.22 | 13.59 | 13.42 | 11.02 |
| Long Govt. Bond yield | 5.72 | 5.86 | 5.90 | 5.71 |

### N.Y.S.E. ALL COMMON

| June 16 | June 15 | June 14 | June 11 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 54.36 | 54.04 | 54.27 | 53.75 | 55.20 (24/3) | 37.06 (2/1) |

| Rises and Falls | June 16 |
|---|---|
| Issues traded | 1,843 |
| Up | 878 |
| Down | 539 |
| Same | 426 |
| New Highs | 88 |
| New Lows | 12 |

| | | June 16 | June 15 | June 14 | June 11 | 1976 High | | 1976 Low | |
|---|---|---|---|---|---|---|---|---|---|
| MONTREAL | Industrials | 200.34 | 199.77 | 200.56 | 198.65 | 207.65 | (13/5) | 176.62 | (2/1) |
| | Combined | 192.99 | 192.69 | 193.50 | 192.65 | 199.76 | (23/3) | 173.67 | (2/1) |
| TORONTO | Industrials | 189.85 | 189.38 | 190.55 | 189.35 | 197.45 | (23/3) | 175.01 | (2/1) |
| JOHANNESBURG | Gold | (u) | 208.6 | 213.2 | 215.9 | 226.7 | (5/3) | 174.4 | (2/1) |
| | Industrials | (u) | 207.9 | 208.2 | 210.3 | 215.3 | (21/5) | 186.6 | (5/4) |

| | June 16 | Pre-vious | 1976 High | 1976 Low |
|---|---|---|---|---|
| Australia (a) | 469.58 | 465.12 | 112.31 (12/3) | 445.52 (6/1) |
| Belgium (b) | 95.40 | 95.19 | 115.15 (6/2) | 91.60 (6/6) |
| Denmark (c) | 110.45 | 110.22 | 112.22 (9/6) | 100.90 (10/3) |
| France (d) | 67.6 | 67.4 | 74.3 (5/3) | 63.1 (2/1) |
| Germany (e) | 750.5 | 744.8 | 821.7 (17/3) | 653.0 (22/3) |
| Holland (f) | 94.3 | 94.3 | 100.5 (5/2) | 91.4 (2/6) |
| Hongkong (g) | 399.06 | 406.30 | 465.35 (11/3) | 334.33 (2/1) |
| Italy (h) | 76.12 | 74.60 | 91.37 (22/1) | 72.23 (4/5) |
| Japan (i) | 366.61 | 364.95 | 362.11 (18/6) | 326.28 (10/1) |
| Singapore (j) | 248.76 | 249.07 | 266.16 (6/5) | 256.55 (2/1) |

| | June 16 | Pre-vious | 1976 High | 1976 Low |
|---|---|---|---|---|
| Spain (p) | 89.25 | 88.61 | 100.79 (17/5) | 88.45 (14/4) |
| Sweden (q) | 460.56 | 466.10 | 476.9 (10/5) | 379.3 (13/1) |
| Switz'rl'd (r) | 221.4 | 223.5 | 236.6 (12/3) | 216.3 (4/6) |

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10). (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 425 Industrials. † 425 Inds., 50 Utilities and 25 Rails. (e) Closed.

## OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—119¼% (118½%).

### NEW YORK

| Stock | June 16 | June 15 |
|---|---|---|
| Abbott Labs | 43½ | 43 |
| Addressograph | 9⅛ | 9⅛ |
| Aetna Life & Cas. | 25⅜ | 24½ |
| [illegible] | [illegible] | [illegible] |
| Corning Glass | 75¾ | 75⅞ |
| CPC Int'nation'l | 45⅛ | 44⅞ |
| Crane | 36⅝ | 46⅛ |
| Crocker Nat. | 24¼ | 24 |
| Crown Zellerbach | 44⅞ | 44⅞ |
| Cummins Engine | 57⅜ | 57 |
| [illegible] | [illegible] | [illegible] |
| Johns Manville | 29⅝ | 29¼ |
| Johnson Johnson | 84⅞ | 84¼ |
| Johnson Control | 20½ | 19⅞ |
| Joy Manufacturing | 48¼ | 48½ |
| Kaiser Aluminium | 38⅛ | 37⅜ |
| [illegible] | [illegible] | [illegible] |
| Republic Steel | 38⅛ | 38 |
| Revlon | 80 | 80⅜ |
| Reynolds Metals | 39¼ | 39 |
| Reynolds R. J. | 57½ | 58 |
| Richardson Merrell | 22⅝ | 22½ |
| [illegible] | [illegible] | [illegible] |
| Zenith Radio | 32⅝ | 31⅞ |
| Chile 5% 1983 | 90½ | 90⅛ |
| U.S. Treas.4% 1980 | †89⅝ | †89⅝ |
| US Treas 4¾% 78/80 | †82 | †82⅝ |
| U.S. 90 days bills | 5.36% | 5.35% |

### CANADA

| | | |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

### GERMANY ♦

| June 16 | Price Dm. | + or − | Div. % | Yld. % |
|---|---|---|---|---|
| A.E.G. | 90.1 | −0.5 | — | — |
| Allianz Versich. | 410 | +4 | 17 | 2.0 |
| B.M.W. | 245 | +3 | 18 | 4.0 |
| BASF | 166.4 | +1.5 | 14 | 4.4 |
| Bayer | 137.2 | −0.7 | 17 | 6.2 |
| Bayer Hypo. | 277 | .. | 20 | 3.7 |
| Bayer Vereinsbk. | 275.5 | −1 | 20 | 2.9 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### PARIS

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### AMSTERDAM

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### MILAN

| June 16 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Altalia Priv. | 745 | −5 | — | — |
| ANIC | 566.5 | +8.5 | — | — |
| Ausonia Fin. | 3,510 | +10 | 120 | 3.6 |
| Bastogi | 870 | .... | 70 | 8.1 |
| Breda | 1,608 | +20 | 150 | 9.1 |
| Buren | 9,45 | −100 | 200 | 2.0 |
| Cantoni | 5,290 | +160 | 200 | 4.0 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRUSSELS/LUXEMBOURG

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### SWITZERLAND ♦

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### COPENHAGEN

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### VIENNA

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### AUSTRALIA

| June 16 | Aust. $ | + or − |
|---|---|---|
| Acrow Australia | †0.78 | .... |
| Adelaide Brighton Cement | †1.45 | −0.15 |
| Allied Mntg-Trdg-Indus $1 | †1.07 | +0.02 |
| Ampol Exploration | †0.85 | .... |
| Ampol Petroleum | †0.68 | .... |
| Assoc. Minerals | †3.50 | .... |
| Assoc. Pulp Paper $1 | †0.92 | +0.01 |
| [illegible] | [illegible] | [illegible] |

### TOKYO ♦

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Source Nikko Securities Tokyo

### STOCKHOLM

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### OSLO

| | | | | |
|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### JOHANNESBURG

| | | |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

### SPAIN ♦

| | |
|---|---|
| [illegible] | [illegible] |

## Sterling easier

Sterling closed slightly weaker against the U.S. dollar in the foreign exchange market yesterday after recording a fairly sharp improvement in early dealings. The pound's early gains were probably the result of the Bank of England's intervention in the forward market, but as conditions tended to ease, with Eurosterling rates falling from the very high levels of the previous day, so the sterling "spot" rate fell also. The vote by the TUC special congress in favour of the wage agreement with the Government had no effect on the market, as the result had already been widely forecast.

The pound opened at $1.7810-$1.7830, and touched a best level of $1.7860-1.7870, before easing to $1.7825-1.7835 by lunch time. In the late afternoon sterling fell to $1.7740-1.7750, but improved slightly at the close, to $1.7750-$1.7760, a fall of 15 points on the day.

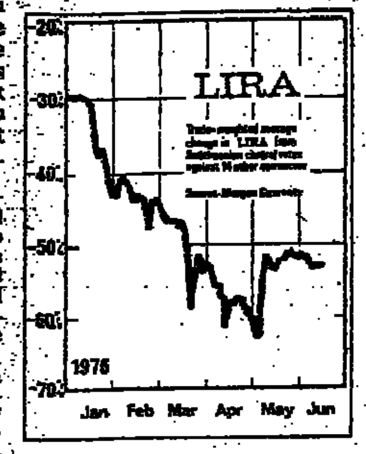
Its trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, was unchanged at 39 per cent., after standing at 38.8 per cent. at noon and 38.9 per cent. in early dealings.

Forward sterling was slightly firmer, with the three-month discount against the dollar narrowing to 3.37 cents, from 3.45 cents on Tuesday.

The dollar's trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, widened to 1.58 per cent. from 1.51 per cent.

The Swiss franc remained very firm, touching Sw.Frs.2.4510 in terms of the dollar, before closing at Sw.Frs.2.4660, compared with Sw.Frs.2.4760 previously.

Gold fell $¾ to $124¾-125¼. The krugerrand's premium over its gold content narrowed to 3.10 per cent. in the domestic market, but widened to 3.30 per cent. in international dealings.




### SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | June 16 | June 15 |
|---|---|---|
| Sterling | 0.648163 | 0.644071 |
| U.S. dollar | 1.14549 | 1.14587 |
| Belgian franc | 45.2640 | 45.2887 |
| Deutsche mark | 2.94288 | 2.94581 |
| French franc | 5.41702 | 5.41108 |
| Italian lire | (u) | 975.435 |
| Japanese yen | 345.418 | 342.932 |
| Dutch guilder | 3.12776 | 3.13077 |
| Swedish krone | 5.08368 | 5.08427 |
| Swiss franc | 2.81218 | 2.84046 |

*Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington

### EXCHANGE CROSS-RATES

| June 16 | Frankfurt | New York | Paris | Brussels | London | Amst'dam | Zurich |
|---|---|---|---|---|---|---|---|
| Frnk'ft | — | 2,562-573 | 54.37-44 | [illegible] | 4.57-58 | 95.93-94.10 | 1.4.23-33 |
| N. York | 38.84-86 | — | 21.74-16 | 6250-65 | 1.7745-7805 | 36.63-75 | 4.43-46 |
| Paris | 1.40-184.4 | 4.724-4 | — | 11.65-68 | 4265-4615 | 175.15-50 | 92.82-92 |
| Brussels | [illegible] 6.59 | [illegible] 2.65 | [illegible] 6.7 | — | 70.43-65 | 14.46-50 | 16.17-11 |
| London | 4.56-57 | 1.7750-60 | 39.40 | 70.25-4 | — | 4.6-7 | 4.37-384 |
| Am'rd'm | [illegible] | [illegible] 73.14 | [illegible] 14.78 | 10.9.15 | 4.70-66 | — | 111.25-306 |
| Zurich | 5.77-93 | 645.70 | 10.17 | [illegible] 3.24 | 4.380-438 | 90.03-26 | — |

U.S. $ in Montreal U.S. $=97.24-26 Canadian cents.
Canadian $ in New York C$=102.52-54 U.S. cents. U.S. $ in Milan 852.10-852.70
Sterling in Milan 1520.70-1521.70.

### EURO-CURRENCY INTEREST RATES*

| June 16 1976 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W German Mark | Swiss franc |
|---|---|---|---|---|---|---|
| Short term | 15-17 | [illegible] | 7¼-8¼ | 5½-5¾ | 4-4¼ | ¼-⅜ |
| 7 days notice | 17-18 | [illegible] | 8-8 | 5½-⅝ | 4-4¼ | ¼-⅜ |
| Month | 4⅞-5⅝ | 6⅝-6⅞ | 8-8¼ | 5⅞-6⅛ | ⅜-4 | ⅜-½ |
| Three months | 13¾-4¼ | 6-6⅛ | 8¼-8½ | 6-6¼ | [illegible] | ⅞-[illegible] |
| Six months | 3½-4 | [illegible] | 8½-8¾ | 6⅜-6⅞ | [illegible] | [illegible] |
| One year | 13⅝-4¼ | 7⅝-7⅞ | 8½-9¼ | 7½-7⅝ | [illegible] | [illegible] |

Euro-French deposit rate: two-day 7½-8 per cent.; seven-day 7½-8 per cent.; one-month 8½-8¾ per cent.; three-month 10[illegible]-10[illegible] per cent.; six-month 10⅞-11 per cent.; one-year 11-11½ per cent.

Longer-term Eurodollar deposit: two years 8¼-8½ per cent.; three years 8½-8¾ per cent.; four years 8⅝-8⅞ per cent.; five years 8⅝-8⅞ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one month 5[illegible]-5[illegible] per cent.; three months 6-6¼ per cent.; six month 6⅝-6[illegible] per cent.; one year 7⅜-7½ per cent.

* Rates are nominal closing rates

- Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss francs.

### GOLD MARKET

| | June 16 | June 15 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $124¾-125¼ | $125½-126 |
| Opening | $125½-126 | $125¾-126 |
| Morning fix'g | $125.10 (£70.096) | $125.75 (£70.809) |
| Afternoon fix'g | $125.00 (£70.087) | $125.70 (£70.676) |
| Gold Coins (domestically) | | |
| Krugerrand | $128-130 (£72¼-73¼) | $129-131 (£72½-73½) |
| New Sov'r'gns | $45¾-47¾ (£25¾-26¾) | $45¾-47¾ (£25¾-26¾) |
| Old Sov'r'gns | $42-44 (£23¾-24¾) | $42¼-44¼ (£23¾-24¾) |
| Gold Coins (internat'nly) | | |
| Krugerrand | $128½-130½ (£72½-73½) | $129-131 (£72½-73½) |
| New Sov'r'gns | $45¾-47¾ (£25¾-26¾) | $46¾-47¾ (£25¼-26¼) |
| Old Sov'r'gns | $40¼-42¼ (£22¾-23¾) | $40½-42½ (£23-24) |
| $20 Eagles | $207-210 | $207-210 |
| $10 Eagles | $102-106 | $103-106 |
| $5 Eagles | $74½-77½ | $[illegible] |

* Base discount. ‡ Given rates are for convertible francs. Closing financial franc 71.25-71.35

### FOREIGN EXCHANGES

| June 16 1976 | Bank Rates % | Day's Spread | Close |
|---|---|---|---|
| New York | 5½ | 1.7740-1.7870 | 1.7750-1.7760 |
| Montreal | 9½ | 1.7260-1.7400 | 1.7290-1.73[illegible] |
| Amsterdam | 4½ | 4.85½-4.88 | 4.86-4.8[illegible] |
| Brussels | 7 | 70.15-70.85 | 70.25-70.[illegible] |
| Copenh'gen | 9½ | 10.81-10.89 | 10.81½-10.8[illegible] |
| Frankfurt | 3½ | 4.56-4.60 | 4.56½-4.57 |
| Lisbon | 6½ | 54.80-55.40 | 54.85-55.[illegible] |
| Madrid | †7 | 120.40-121.10 | 120.50-120.[illegible] |
| Milan | 12 | 1,514-1,525 | 1,515[illegible] |
| Oslo | 5 | 9.81-9.88 | 9.81½-9.8[illegible] |
| Paris | 8 | 8.39-8.45 | 8.39½-8.[illegible] |
| Stockholm | 6 | 7.87½-7.93 | 7.88-7.89 |
| Tokyo | 6½ | 525-540 | 532-534 |
| Vienna | 4 | 32.60-33.00 | 32.70-32.[illegible] |
| Zurich | 2 | 4.37-4.48 | 4.37½-4.38 |

* Base discount. ‡ Given rates are for convertible francs. Closing financial franc 71.15-71.35

### OTHER MARKETS

| | |
|---|---|
| [illegible] | [illegible] |

### FORWARD RATES

| | One month | Three months |
|---|---|---|
| [illegible] | [illegible] | [illegible] |

# FINANCIAL TIMES SURVEY

Thursday June 17 1976

# Swiss Capital Market

There has been a steady appreciation in the value of the Swiss franc. The Swiss monetary authorities have taken steps to discourage the inward flow of foreign funds. Swiss exporters have been concerned about the franc's upward movement but so far their fears have been generally unfounded.

## Coming out of the recession

By Mary Campbell

EVENTS OF recent weeks have highlighted the extent to which Switzerland's economic situation is the converse of the U.K.'s. In Switzerland, interest rates continue to be cut while efforts to ensure that foreign funds which flow into the Swiss franc are converted out into other currencies again have been intensified. The slightest sign of rising interest rates in the United States has been enough to force British authorities to push sterling domestic interest rates sharply, while a $5.3bn. standby credit from other central banks has proved sufficient to recoup only a small proportion of sterling's recent exchange rate losses.

On Morgan Guaranty estimates, the Swiss franc has appreciated about 40 per cent. against the currencies of its major trading partners since December 1971. On the same basis, sterling has depreciated by about 50 per cent. in the same period. The official discount and Lombard rates in Switzerland now stand at 2 and 3 per cent. respectively, after a half-point cut last week. The U.K.'s official discount rate (minimum lending rate) stands at 11¼ per cent., after being raised during the latest run on sterling from 9 per cent. in April.

Switzerland's inflation rate, currently running at about 2.2 per cent. a year is the lowest in the industrialised world, an achievement due in no small part to the cuts in costs of imports resulting from the rise of the Swiss franc. The fall in employment in Switzerland during the recession has been bigger, relatively speaking, than in most industrialised countries, although the social effects of this have been almost completely disguised by foreign workers returning home. The unemployment ratio still stands at only 0.9 per cent. To some extent at least the converse has been true of the U.K. in these respects too.

The parallel between the two countries is made all the more striking by the fact that the U.K. and Switzerland are the world's prime international financial centres. The international business of both British and Swiss-based banks is primarily transacted in non-domestic currencies, but just as the depreciation of sterling has been intertwined with London's role in the international financial markets, so the extent of the Swiss franc's appreciation would have been inconceivable but for the international activities of the Swiss banking community.

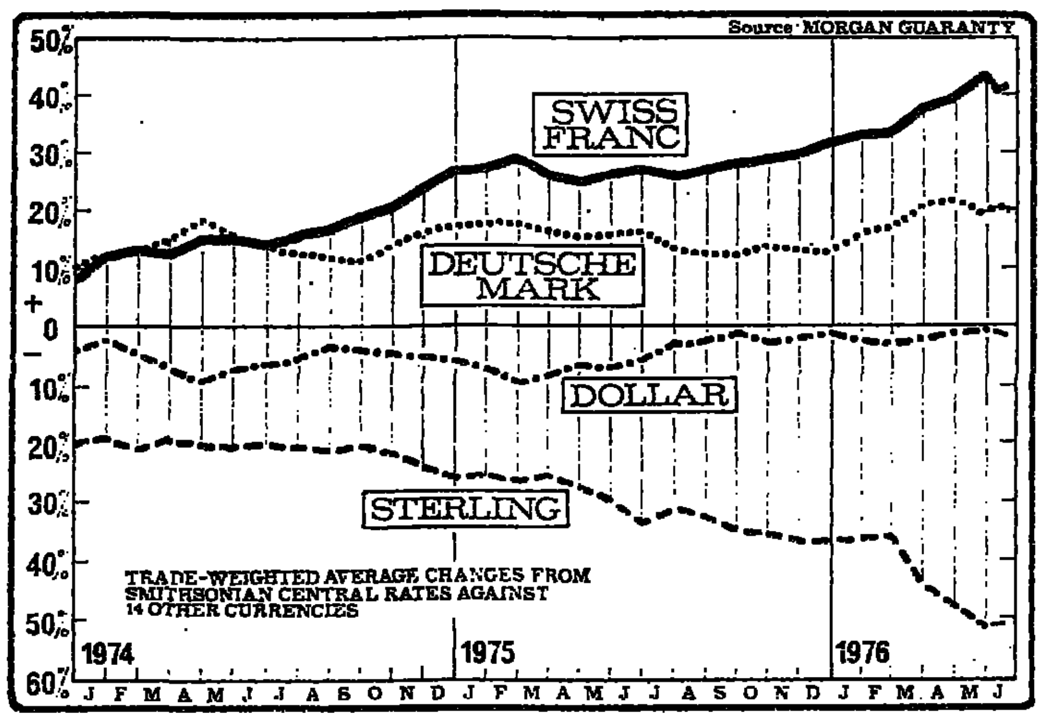
If one reason for sterling's troubles has been concern about where Government policies are leading, the major factor behind the most recent upsurge in the Swiss franc at least has been Switzerland's image as a haven of political stability and free enterprise by comparison with countries like Italy, Spain and Portugal.

Finally, the same, almost fatalistic attitude appears to have developed with regard to both the Swiss franc and sterling. Everyone appears to assume that the Swiss franc cannot go down and that sterling cannot go up.

### Attitudes

One question which clearly faces both countries in the future is the extent to which these attitudes are likely to prove self-perpetuating. Everyone agrees that five years ago the Swiss franc was grossly undervalued. But for the past year at least the view that the currency was becoming overvalued has been increasingly heard.

The importance of the Swiss franc rate for the level of economic activity in Switzerland can hardly be overemphasised. Visible exports represent about a quarter of gross national product and according to one recent estimate about half the country's economic activity depends either directly or indirectly on external competitiveness. Like the U.K., if for very different reasons, Switzerland hopes to base its move out of recession on increased exports.




Swiss exporters have long maintained that further rises in the Swiss franc would damage their exporting capacity. Although one or two industries, notably watchmaking, have suffered badly during the recession, the fears of exporters have in general been belied by events so far. Recent research by Crédit Suisse suggests that between 1970 and the first half of last year, Switzerland maintained its share of manufactured imports in the U.S., France and Sweden, increased its share in Italy and Germany. Only in the U.K., Austria and Denmark was there any decline.

In addition, Switzerland has recently been building up its exports to Eastern Europe and to the oil exporting countries in particular. Switzerland's trade with the oil exporters is now reported to be in balance.

Last year Switzerland most uncharacteristically turned in a tiny trade deficit. The extent to which the recession in Switzerland's major markets cut back its exports was far outweighed by the extent to which the domestic recession and the rise in the value of the Swiss franc depressed its imports. The current account surplus was about Sw.Frs.8bn.

On the other hand, it is increasingly felt that although exporters have cried wolf too often in the past they may be right this time. There are long lead times involved in a large proportion of Switzerland's export business and it is argued that its apparent maintenance of its share of world markets so far has to some extent at least been due to the delay between orders being made and goods being delivered. Although order books appear to have picked up compared with last year, it is feared that the effects of the recent sharp rise in the Swiss franc rate have still to show through in the manufacturing sector. Similarly, assessment of recent changes in the Swiss franc rate on the seasonal tourist industry will not be possible for some time.

### Restructured

It is this kind of thinking, together with the need to buy time for weaker exporting industries to be restructured, which explains the concern about the Swiss franc's strength in the face of record current account surpluses and the efforts which are being made to prevent too much foreign money flowing into the Swiss franc (if not into Swiss banks).

The latest round of measures, taken last week, include a reminder of the Swiss National Bank's power to freeze the dollars it takes in in exchange for Swiss francs in non-interest bearing accounts; further cuts in banks' permitted levels of forward sales of Swiss francs to foreigners; a "gentlemen's agreement" between the National Bank and the Swiss banks to restrict the use of their foreign branches and subsidiaries in activities likely to push the Swiss franc rate up further; and the cuts in the National Bank's interest rates, which incidentally have the effect of lowering the cost of finance for exporters.

The likely direct impact of these new measures is debatable although they intensify an already stringent series of deterrents including the 10 per cent quarterly negative interest rate on Swiss franc deposits by foreigners. More important, perhaps, is the implied threat of the reintroduction of further controls on Swiss banks' international business in general, notably the possibility that ceilings might be reimposed on foreign investment in Swiss stocks.

Meanwhile, the Swiss authorities continue to rely heavily on the capital market to compensate for the effects of its intervention to keep the Swiss franc rate down. Last year private placements of over Sw Frs.7bn. were arranged for foreign borrowers, who were required to convert the proceeds immediately out of Swiss francs. The quantity of private placements so far this year has been running at even higher levels while, in a new kind of recycling operation, the big three Swiss banks recently arranged a DM750m direct financing for the German Federal Government.

# Domestic bonds are buoyant

THIS YEAR is proving a happy one for borrowers on Switzerland's domestic bond market. Inflation is currently so low that even relatively modest long and medium-term capital-market rates guarantee a real earning on investment, while Swiss-franc issues have the added attraction of being proof against currency losses. At the same time, liquidity is generally high on the part of institutional investors, with a corresponding need to lend out funds. As a result, new bonds are without exception fully or over-subscribed at coupons which have fallen signally since 1975.

In fact, last year had seen a remarkable recovery in the market after the weaker demand and higher rates of 1974. With the total new-money call on the Swiss-bond market up to Sw.Frs. 5.95bn. (3.94bn.), coupons could be lowered for typical cantonal or cantonal bank loans from 8 per cent. at the start of 1975 to only 6.25-6.5 per cent. by the pre-Christmas period. During the year, under-subscriptions became an unregretted memory and rationing the order of the day.

The development has continued into 1976 and initially led to a state of euphoria for borrowers in what were classical seller's market conditions. In the first four months of the year, some Sw.Frs.2.96bn. of new money alone was raised, as compared with Sw.Frs.2.0bn. in the corresponding period of 1975. Between the end of April and mid-June, a further Sw.Frs. 980m.-plus of new money has been booked.

Interest rates, like those in other sectors, have continued to fall. In the latest Federal loan, open from June 3 to 10, the Government was able to offer only 5.25 per cent. for an 11-year loan tranche of Sw.Frs. 300m., albeit at a slightly below-par issue price of 99.75 per cent., as compared with the 7.25 per cent. coupon on a 14-year slice of Sw.Frs.250m. in the Sw.Frs. 500m. Federal issue of June, 1975. Even this needed the extra temptation of a 99 per cent. price. In its first 1976 loan, the Confederation was still having to give a 6.25 per cent. coupon and a 99 per cent. issue price for a 15-year loan of Sw.Frs.700m.

The marked fall in Federal coupons has been accompanied by a corresponding decline in those for other first-class addresses. The cantons and their banks, for example, which were offering over 6 per cent. at the end of 1975, are to-day having no difficulty with 5.5 per cent. coupons. Loans have also become very considerably cheaper for second-class borrowers, although there are very definite differences between the interest rates of top and lesser-quality loans. At present, the quality gap, even amongst Swiss borrowers, is still of 1.0-1.25 per cent.

## Interest

Now, however, just before the summer break, it looks as though the floor has been reached for coupon interest. The June Federal loan, totalling Sw.Frs.550m. and including a Sw.Frs.250m. tranche of six-year debentures as well as the Sw.Frs.300m. 11-year bonds already mentioned, seems certain to be well received. But it is considered that the respective coupons of 5 and 5.25 per cent. are as low as the Government could have gone. The March loan of Sw.Frs.500m. at 5.25 per cent. has still not left its issue price of 99.75 per cent. on the secondary market, despite a certain amount of support from the National Bank to prevent a premature improvement in yield.

The Confederation is aware of the possible dimming of demand in the light of frequent large-scale Federal issues—yet another one is expected in the coming quarter—and in its last monthly report the National Bank spoke of signs of a "certain saturation" in some portfolios. The market, says the Bank, will have to be watched closely.

The same goes for loans other than the major Federal issues. It seems unlikely that there will be any further lowering of the 5.5 per cent. coupon now general for cities, cantons and cantonal banks, while second-class coupons ought to keep about the same distance as at present. Certainly, the huge over-subscriptions and the high initial post-issue prices of the first quarter of 1976 are things of the past.

Nevertheless, no new upswing in rates seems imminent. The Swiss economy, which took the worst knock in a generation in 1975, is far from the over-heating of a few years back and there are no signs of upward pressure on key interest levels. The Swiss National Bank has, moreover, made it quite clear that it is not prepared to accept any noticeable rise in interest in the near future. Capital-market coupons would, of course, react to any re-introduction of the ban on foreign investments in Swiss securities which might be taken to dampen the Swiss franc exchange rate, but it appears probable that Stock market rumours to this effect will not come true.

What could prove a future difficulty on the Swiss domestic capital market is the burgeoning demand for funds on the part of public authorities. In 1975, the amount of new money obtained from the bond market by Confederation, cantons and communes, reached Sw.Frs.2.28bn., as compared with Sw.Frs.1.5bn. in the previous year. In the first four months of 1976 alone, the figure was of Sw.Frs.1.62bn., or almost double the Sw.Frs.884m. recorded for January-April, 1975.

## Confederation

The Confederation, whose issues accounted for under one-quarter of the total 1975 float, will itself have booked a share of nearly one-third of the expected domestic-bond issue for the first half of this year. Including an "advance" issue of debentures last December, 1976 Federal issues will have reached Sw.Frs.2.33bn. by the end of this month, of which Sw.Frs.830m. are bearer debentures placed with banks. The point is that public authorities are already stocking up with fund to offset against next year's deficits, now that coupons are low and demand virtually guaranteed.

Up to now, there has been no real harm in this. The official Issues Commission has been very generous in its grants for new loans of private-enterprise borrowers and, in that there has been much of a demand in the past few months, it would seem to have been met. Things might well change in 1977, however. The Federal authorities are estimating a Treasury deficit for next year, including the State railways and postal service, of Sw.Frs.3.4bn., while virtually all cantons will continue to run at a large loss. According to a Union Bank of Switzerland survey, total Federal deficits of Sw.Frs.15bn. plus a shortfall of Sr.Frs.9bn. for the cantons and communes will mount up for the four-year period 1976/79.

There is no certainty that the market conditions will be as favourable next year as they are this year or that liquidity will still be running at such a level as to make the Government regard large-scale loan issuing as having secondary benefit as a mopping-up measure. Even though this year is expected to continue good enough for the Federal loan operations, plus medium-term rail and post borrowings, to provide Sw.Frs.800m.-900m. of funds for use in 1977, the expected economic recovery could in future lead to heavier demands from the private sector. Increased competition between the publ[ic] and private borrowers would[,] course, be conducive to a rise [in] interest rates.

The Government is fu[lly] aware of these problems. T[he] Confederation and the canto[ns] recently agreed to a guidel[ine] limiting to 5 per cent. th[e] 1977 growth in expenditure [but] the deficits are still huge. T[he] public authorities would, it [is] now obvious, by no means [be] given carte blanche to fu[nd] their losses on the capital m[ar]ket, with necessary priva[te] enterprise loans being squee[zed] out. The National Bank its[elf] has apportioned any blame [in] advance. Claiming that [the] 1977 situation would beco[me] even more marked in sub[se]quent years, a recent Bank [re]port said bluntly "if the C[on]federation does not succeed [in] bringing its budget in order [by] 1978, it would become the m[ain] guilty party in increased in[fla]tion and higher interest rat[es]."

Certainly, the market [will] have to be played very caref[ully] over the coming months wi[th a] view to finding the right is[sue] conditions for new loans. E[ven] in the balmy days of the [first] quarter the pulse of the ma[rket] had to be constantly felt. [The] National Bank itself had [to] postpone a Sw.Frs.500m. Fed[eral] issue from February to M[arch] since the commercial banks [in]sisted that a foreseen par i[ssue] price would have been too h[igh]. At the same time, the optim[um] size of the market will be [de]termined by the Issues C[om]mission, which would not [hesi]tate to return to a more res[tric]tive policy as and when [the] economy required it. For [the] time being, though, the ma[rket] can look forward to a conti[nua]tion of generous issue appr[ovals] full or over-subscriptions [and] modest interest rates.

John Wi[...]

| | Number (1975) | Value | Money raised to repay maturing issue | Recourse to market | Amortisation | Net new issues |
|---|---|---|---|---|---|---|
| **DOMESTIC LOANS** | | | | | | |
| Confederations | 4 | 1.051.3 | 400.0 | 651.3 | — | 651.3 |
| Cantons | 28 | 1,068.5 | 115.0 | 953.5 | 7.4 | 946.1 |
| Communes | 27 | 707.8 | 33.0 | 674.8 | 13.7 | 661.1 |
| Electrical utilities | 37 | 1,548.5 | 309.0 | 1,239.5 | 55.1 | 1,184.4 |
| Industry | 17 | 668.3 | 25.5 | 662.8 | 32.6 | 630.2 |
| Commerce | 3 | 130.0 | 30.0 | 100.0 | — | 100.0 |
| Banks | 23 | 933.8 | 299.9 | 633.9 | 8.0 | 625.9 |
| Others | 35 | 1,232.7 | 192.0 | 1,040.7 | 40.8 | 999.9 |
| Total | 174 | 7,360.9 | 1,404.4 | 5,956.5 | 157.6 | 5,798.9 |
| **FOREIGN LOANS** | 40 | 2,490.1 | 135.0 | 2,355.1 | 579.6 | 1,775.5 |
| **DOMESTIC SHARE ISSUES** | | | | | | |
| Electrical utilities | 1 | 15.0 | — | 15.0 | — | 15.0 |
| Industry | 13 | 165.3 | — | 165.3 | 7.3 | 158.0 |
| Commerce | 2 | 18.0 | — | 18.0 | 1.2 | 16.8 |
| Banks | 18 | 688.9 | — | 688.9 | 28.0 | 660.9 |
| Holding companies | 7 | 135.7 | — | 135.7 | 43.2 | 92.5 |
| Insurance | 6 | 52.4 | — | 52.4 | — | 52.4 |
| Others | 12 | 14.6 | — | 14.6 | 18.8 | −4.2 |
| Total | 59 | 1,089.8 | — | 1,089.9 | 98.5 | 991.4 |
| **GRAND TOTAL** | 273 | 10,940.9 | 1,539.4 | 9,401.5 | 835.7 | 8,565.8 |

NEW ISSUES 1975 (Millions of Swiss Francs)

Source: Swiss National Bank



# Foreign exchange

THE APPARENTLY permanent pessimism of Zurich bankers should not perhaps be taken too seriously. Not so many months ago they were darkly questioning seemingly the very survival of the foreign exchange market under a heavy regime of official controls. But the fact is that while trading was somewhat quieter and profit margins tended to shrink (particularly in comparison with the burgeoning banking activity in other areas), the foreign exchange dealers weathered 1975 quite satisfactorily and are showing no signs of sinking this year.

True, restrictive official measures have been more than just a mere nuisance implying a greater volume of office work. Turnover on the forward market was influenced by the limits set by the Swiss National Bank on Swiss Franc sales to foreigners. The matching of the banks foreign exchange liabilities with assets as now required on a daily basis, besides causing bad feelings in the back rooms, has clearly dampened the exuberance of the banks' operations. The gentlemen's agreement (yet another) requiring them to report all spot and forward transactions above $5m., and other efforts to improve the transparency of foreign exchange dealings, have curtailed much of the freedom—many would say excessive freedom—enjoyed by the Swiss banking community in a high risk area of activities.

## Restrictions

Many of the restrictions in force, indeed most, are the result of the continued official efforts to prevent the Swiss franc from rising ever higher in relation to other currencies. The success of these efforts can be measured by the fact that the trade-weighted de facto revaluation of the Swiss franc compared with 18 other main currencies stands at some 60 per cent. compared with the levels prevailing at the time of the Smithsonian agreement. This is despite the fact that every conceivable measure has been applied short of the creation of a two-tier Swiss franc rate and the introduction of exchange controls, and that the Swiss National Bank itself has been intervening massively on the market to shore up the dollar rate.

It has spent over Sw.Frs.8bn. in this effort so far this year, and although most of the dollars purchased can be handed over to the commer[cial] banks; since daily conve[rsion] into dollars of Swiss franc [pro]ceeds of capital export tr[ans]actions is mandatory, this is an expensive business.

Only a few days ago [the] National Bank reaffirmed [its] intention to continue such [inter]vention on a massive sca[le if] necessary, with the freezing [of] the Swiss franc equivalent [of] the operations to prevent [any] and sudden increases in [the] money supply. At the same [time] the volume of forward sa[les by] the banks to non-residents [has] been further curtailed, [now] from 50 to 30 per cent. o[f the] volume as of October 31, [1974] for contracts of up to ten [days]. On July 31 longer cont[racts] will be similarly reduced [from] 60 to 40 per cent. The ide[a is] to limit still further the hol[ding] of Swiss francs on ext[ernal] account, which escape th[e 10] per cent. per year neg[ative] interest rate applied to [non-]resident Swiss franc dep[osits] here.

To crown it all, the Nat[ional] Bank has also moved in ag[ainst] excessive operations by foreign branches and [sub]sidiaries of Swiss banks [which] are under gentlemen's inst[ruc]tions to avoid speculative tr[ans]actions, and their parent [banks] have agreed not to make di[rect] Swiss franc deposits or [Euro-]franc deposits on their beh[alf].

As is quite clear, the [main] target of this onslaught is [the] Swiss franc itself, but [the] authorities are also keen [to] exercise far greater control [over] foreign exchange operat[ions] with a view to ensuring [that] these are conducted on ra[ther] more careful lines than has [been] the case in the past. The h[eavy] loss in the Union Bank [of] Switzerland's foreign exch[ange] department and the situa[tion] discovered by Lloyds Bank [in its] Tichino branch have not [been] forgotten. There has even [been] talk, mainly emanating from [the] central bank itself, of intro[duc]ing a centralised foreign [ex]change market.

The commercial banks ar[e] against such a move, arg[uing] that it would not result [in a] more orderly market tha[n at] present but with inevitable [de]lays in execution of sm[all] transactions, but would si[mply] discriminate against the s[mall] trader while allowing the [big] fish to carry on as before. [Be]sides, the bankers say, a ce[ntral] Forexmarket would need c[ostly] organisation paid for, in[evit]ably, by the client.

For the time being, in [any] case, it seems that the ide[a ...]

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ABOVE
*Watchmaking in Switzerland: the industry suffered badly during the recession and exporters have been concerned about the rise of the franc.*

RIGHT
*Brokers on the Zurich bourse: some trading interest has evaporated this year.*



# Foreign borrowing surges

THE end of the first quarter ast year the Swiss authorities ipted a new policy on the iss franc exchange rate ich has had profound effects the capital market activities the Swiss banks. Until then, of the means by which the horities had attempted to npen down the Swiss franc's parently inexorable exchange e appreciation was to set lings for foreign borrowing Swiss francs—and thus for y-free foreign investment in iss franc securities. At the l of the first quarter of last ir, however, the Swiss tional Bank removed the ingent quotas on the volume private placements for eign borrowers, merely uiring the borrower to vert the proceeds imme- ely out of Swiss francs.

he improvement in the ditions on the capital market n the fall in interest rates erally was of course also a or in the decision to remove limits on private placement ime for foreign borrowers. , from the Swiss National k's point of view, the aim been to ensure that conver- of Swiss franc denominated ital market issues into other rencies compensated for its foreign exchange market rvention to keep the Swiss c rate down.

he favourable conditions on world's capital markets bined with active encour- nent from the authorities lted in Sw.Frs.7.2bn. (about bn.) worth of new private ements for foreign bor- ers last year. This figure pares with Sw.Frs.2.8bn. in . The significance of the me of private placements is lighted by the fact that ic foreign bond issues on Swiss capital market amounted to Sw.Frs.2.4bn. (Sw.Frs.1bn. in 1974).

In the public issue sector the quotas continued to be maintained throughout last year, and indeed up to the present. The Swiss National Bank has hitherto resisted all pressure for them to be raised or abolished, without, moreover, giving any reason for its decision.

## Private

But if the public issues by foreign borrowers in Switzerland continue at a rate of only Sw.Frs.450m. every two months private placements have probably been going ahead on average even faster than last year. There have been pauses: the sharp increases in the Swiss franc exchange rate deterred many borrowers and resulted in a comparatively slack period in the spring; but activity has picked up again now with several very sizeable borrowings being arranged recently.

An indicator of the *kind of* volumes which can now be raised in the form of private placements in Switzerland came last February when Shell borrowed Sw.Frs.500m. in one deal. More recently, the most active borrowers have been French and Scandinavian public sector borrowers with placements of anything up to Sw.Frs.250m. being arranged.

Although generally welcomed both by the Swiss authorities and of course by the Swiss banks which arrange them, the rate at which private placements have been going ahead in Switzerland in the last fourteen months is causing concern in some quarters. It is feared that much of the money which has been flowing into these placements has been effectively speculative. Deterred by the 10 per cent. per quarter negative interest rate from placing funds on deposit with Swiss banks, those wanting to convert money into the Swiss franc for currency reasons have instead, it is argued, invested in private placements. If and when the currency situation changes there could be dislocating attempts to disinvest.

This particular potential problem does not worry anyone in Switzerland very much since it is clearly understood there that one of the rules of investing in private placements has always been that the security has to be held until maturity. Although it is not unknown for the Swiss bank which arranged the placement in the first place to be prepared to buy back the security on behalf of another client at a suitable discount, this is regarded as an additional favour rather than a right. The Swiss banks are quite clear that anyone who, having taken his currency profit, wants to sell out of a private placement will just have to be prepared to lump it.

## Redemptions

More worrying for many is the possibility that a bunching of redemptions of private placements could act as a de-stabilising element in the foreign exchange markets in the future. Both the Swiss National Bank and the comercial banks argue that this concern has been overstated. On the one hand, it is suggested, a considerable volume of the private placements currently being arranged will be rolled over when they reach maturity; on the other, that the bunching will not be nearly as bad as some seem to fear.

The activity in the Swiss franc foreign bond market and private placement sectors during the last year has been matched by big increases in activity by Swiss banks in the Eurobond market generally. The latest boom in the dollar sector of the Eurobond market has been marked by a complete change in the big three Swiss banks' modus operandi in these markets.

Traditionally, the big three Swiss banks have not been involved in the dollar sectors of the market as lead managers of issues—they have been co-managers and very large-scale takers on behalf of their customers: but they left the management to other houses.

Now the situation is very different. The first move was made by Credit Suisse in 1974 when it linked up with the White Weld group taking a shareholding in one of the Eurobond market's major lead management houses, now known as Credit Suisse White Weld. Union Bank of Switzerland took a different approach: it preferred to set up a wholly owned subsidiary in London. This is called Union Bank of Switzerland (Securities).

So far these two have made the running, though very recently Swiss Bank Corporation launched the first dollar issue for which it has been lead manager via a Luxembourg-based subsidiary.

The advent of the big three Swiss banks into lead management has in general been regarded as a logical step which might well have been expected to have happened years ago. It has not necessarily been entirely welcome to many of the traditional Eurobond lead managers insofar as, with their unmatched placing power, the big three are in a very strong position to outgun anyone else in the market.

**Mary Campbell**





# Exchanges

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not being pushed too hard. There already exists the twice daily fixing of exchange rates on a wide range of currencies and for amounts of up to Sw.Frs.250,000, and this is probably as far as matters will go just now. However, the authorities are widely expected to introduce licence requirements for foreign exchange dealers in coming weeks— not a very big stick, but an additional influence on the market.

## Subsided

In the early months of this year the foreign exchange markets were very active; now business has subsided somewhat. Last year there was particularly heavy activity in banknote and coin trading, one of Zurich's specialities. It is claimed, and probably quite rightly, that Zurich is the biggest turntable for foreign banknotes in the world.

In the precious metal fields, although there is more interest of late in silver and platinum, the gold market has been sluggish. In Swiss franc terms the price of gold has declined very steeply from the levels of both 1974 and 1975 for a wide variety of reasons, none of which can be said to have gone away.

Purchasing is mainly for industrial purposes at present, but having absorbed the recent IMF sale at unchanged levels, there is confidence in Zurich both that bullion is unlikely to decline further since several central banks were among the bidders in that sale, and that it still has good potential as a hedge against inflation and currency fluctuations. The heady days of hectic gold trading are probably over, but there is still a good profit to be made through the dealings of the Zurich gold pool run by the Big Three Swiss banks.

**David Egli**

# Stock market quietens after rise

AFTER THE spectacular performance of the Swiss stock market last year, it is hardly surprising that it now appears to be marking time. The index of the Swiss Bank Corporation presently stands at around 285, marginally lower than the 289.4 reached at the end of last year. The early months of this year saw a broadening of the generally favourable trend with the stock of medium-sized industrial companies following the upward movement of banks, insurance companies and large corporations last year.

## Weakening

The weakening of Wall Street in recent weeks, the further upward trend of the Swiss franc against other currencies with its inevitably negative impact on Swiss exports, and the failure of the Swiss economy as a whole to provide as yet convincing proof that it is on the road to adequate recovery after the worst recession since the 1930s, has caused the bull market to lose steam. It may very well pick up and turn in a good performance over the year as a whole. But at this stage it would seem unlikely that renewed upward movement will really get going before autumn.

Despite the 42 per cent. stock index rise last year: the best performance in any year since 1967 and outstripping all major markets except London and Sydney, the optimists will point out that the market still has a long way to go to catch up with the end-1973 level of 317, and even further before it reaches the record 406 level at the end of 1972.

Last year's bull market was very selective. Of some 150 listed stocks, only 14, the largest corporations, showed price increases of 40 per cent. or more, while some 40 stocks failed to maintain their price levels. And, although there has been some correction, the interest of the Swiss investor is still heavily concentrated on the "majors." The ten largest Swiss companies, of which three are big banks, together account for more than 70 per cent. of total Swiss stock market capitalisation, a situation surpassed only in the Netherlands.

The market value of all listed Swiss stocks rose in 1975 by some 43 per cent., amounting to more than Sw.Frs.43bn., but more than Sw.Frs.30bn. is accounted for by these large companies which the Swiss investor reasonably calculated were probably best able to turn in good performances despite the recession—particularly true for the banks and insurance companies—as well as make the most out of a general recovery of western economies. This would almost certainly apply to Nestle and the pharmaceuticals. Six of these ten companies also figure in the list of ten companies with the highest number of quotations on Swiss exchanges last year.

The very liquid state of the money and capital markets encouraged the move into stocks and out of bonds. The latter were given their run in 1974, and although the level of bond trading has remained approximately unchanged from year to year, the relative share of bonds in market activity has declined very considerably.

The record levels of securities turnover in Zurich (Sw.Frs.83bn.) and on the two other major Swiss exchanges, Basle and Geneva, was almost entirely due to the renewed trading in stocks. The Zurich level was some 12 per cent. above its former record in 1972. Helping swell the number of quoted prices, which also reached record levels, was the decision taken by the Basle bourse as of the first of the year, and followed by Geneva and Zurich in spring and summer, to permit the extension of forward trades to three months, against the previous limit of one or two months. At the same time a more generous approach to the market by the issues commission resulted in an increase by 135 of the number of listed securities, bringing the total to 2,093.

The main news during the year concerning Swiss stocks was the listing of registered shares by the big three Swiss banks in a Government-inspired move to enable the banks to maintain control over their ownership. Previously, these banks had only bearer shares outstanding.

As the Basle bourse moves towards its hundredth anniversary, with Zurich celebrating the same event next year, there is considerable talk in market circles on the possible impact of proposed new legislation relating to share laws. Banks and other interested groups are being asked to comment on a second draft revision of existing law and it is expected that the changes may be submitted to Parliament within the next three or four years. But the crucial stage of this drawn-out process is the extensive preliminary consultation that is so much a part of Swiss democracy.

The banks are mainly reluctant about a clause which would make it practically impossible not to reveal hidden reserves which, in the interests of orderly business, they feel others—including stockholders—should not know about.

## Necessary

Most of the other poposed features are widely regarded as either necessary or relatively harmless. A legal basis would be provided for non-voting shares which exist de facto on the Swiss market in the form of *Bons de jouissance*, or *Genusschein*. Shareholder meetings would be enabled to give advance authorisation under certain circumstances for capital increases, thus overcoming the existing hurdle of the legally required creation of shares in anticipation of the need to secure the options of convertible bond holders.

Finally, there is question of reducing the legal minimum nominal value of Swiss shares from the present Sw.Frs.100 (about £22) to Sw.Frs.10 or even Sw.Frs.1. This, it is thought, may help to popularise share ownership which is all too narrow at present in terms of the overall Swiss population. But, apart from the vexed question of hidden reserves and another requirement which would have all major firms use qualified accountants, little if anything appears to be in the works to ensure a greater transparency of Swiss corporate finances.

Under present standards of disclosure, companies can get away with the provision of minimal information concerning their balance-sheets leaving bewildered shareholders uncertain as to the true earnings picture of the company they own. Many banks, which themselves have considerable access to privileged information, appear to regard the purchase of Swiss shares as an act of faith on the part of the Swiss public and are not uduly concerned over the fact that most price-earnings ratios can only be guessed.

Although several companies have improved their reporting procedures, the pressure to come into line with practice elsewhere is not all that strong. Swiss companies are not aggressively interested in obtaining listings on foreign exchanges, and although the Swiss Government appears determined to avoid bringing the boom down for a second time on purchases of Swiss shares by non-residents, one can hardly say there is a great rush on the part of foreigners into the Swiss market. If such foreign purchasers were needed, changes in company law might be swifter and more comprehensive.

**David Egli**

The ten largest Swiss companies and their shares in total market capitalisation. 31.12.75

| | Swiss francs millions | In Percent |
|---|---|---|
| Nestle | 6,460 | 15.0 |
| Union Bank of Switzerland | 4,650 | 10.8 |
| Ciba-Geigy | 4,197 | 9.7 |
| Swiss Credit Bank | 4,169 | 9.7 |
| Swiss Bank Corporation | 4,147 | 9.6 |
| Sandoz | 2,096 | 4.9 |
| Oerlikon-Buehrle | 1,437 | 3.3 |
| Alusuisse | 1,141 | 2.6 |
| Swiss Reinsurance | 989 | 2.3 |
| Zurich Insurance | 982 | 2.3 |
| Total | 30,268 | 70.1 |
| All companies listed | 43,202 | 100.0 |

# Investment funds droop

MOST of Switzerland's investment funds have had to put up with a more or less marked drop in certificate prices this year so far, despite the general expectation of economic recovery in the industrialised countries of the West. Of 35 leading investment funds, 28 had shown a decline in issue prices in the period from the beginning of last December to early this month and only seven a rise.

Apart from the generally low interest levels, the main correlation of these falling prices has been with the foreign exchange market. The majority of Swiss securities funds—68 out of a total 74—have portfolios made up either partly or wholly of foreign shares and bonds and the rapid and continuing upward float of the Swiss franc has reduced actual earnings significantly.

Examples of how this has been mirrored in the market are provided by the Itac fund for Italian shares, quoted at only Sw.Frs.81 on June 4 last—as compared with Sw.Frs.114 on December 1 last and Sw.Frs.127 a year earlier (the 1971 high was Sw.Frs.229) or the gold mining share specialist South Africa Trust Fund, whose certificates tumbled from Sw.Frs.378 in mid-1974 to Sw.Frs.302 in mid-1975 and on down through Sw.Frs.211 late last year to a present level of only Sw.Frs.159. Similar developments have also been recorded for other country funds, though also for those with a sectoral theme or a more general and international approach.

On the other hand Swiss-portfolio funds and trusts are doing much better than this, even though Switzerland's stock exchange indices are running at the lowest level this year so far. Not only domestic share and bond funds like Schweizeraktien or Helvetinvest have improved their prices somewhat over the past months, but also—in the face of the very real crisis in the Swiss construction and housing sector—most of the various property funds. Although initial income might not be so dynamic, investors are obviously feeling the foreign exchange losses are a not inconsiderable negative factor in non-Swiss portfolios.

## Introduction

Perhaps significantly, June 1 of this year saw the first introduction to a foreign stock exchange of a Swiss portfolio fund. The Basle company Société Internationale de Placements, itself an affiliate of the Swiss Credit Bank, on that day opened the listing for its share fund Schweizeraktien on the Vienna bourse.

As far as actual new funds are concerned, it hardly seems likely that there will be much of an addition to the market in the future. Since 1973 the total number of Swiss funds has dropped slightly from 121 to 118; that of foreign funds placing certificates in Switzerland declined more rapidly, from 70 to 54.

This does not mean that such rare new funds as there are have no chance on the market — the Rentvalor 75 international bond fund launched by a Banca del Gottardo affiliate last year is doing nicely, for example, as is the Helvetbaer Swiss bond fund of the Julius Bär banking concern. These two later funds were the only two newcomers in the period mid-1974 to mid-1975. The Big Four banks — Union Bank of Switzerland, Swiss Credit Bank, Swiss Bank Corporation and Swiss Volksbank — which control most of the country's investment funds show no sign of swelling the numbers.

Last year the funds made up a good deal for their generally unsatisfactory 1974. Almost without exception certificate prices increased for the year, while total assets of the 118 Swiss funds rose by 8.5 per cent. to Sw.Frs.14.13bn., according to figures issued in May by the Swiss National Bank, after a decline of no less than 21 per cent. (for 119 funds) in 1974 to Sw.Frs.13.01bn. The 1975 total was still well below the record sums of Sw.Frs. 16.67bn. in 1972 and Sw.Frs. 16.42bn. in the following year, though the positive trend was unmistakable.

The rise in assets was due particularly to a jump of almost 14 per cent. on the part of securities funds. Some 74 of these were operating last year, including six just with Swiss securities, 16 with a foreign portfolio and the rest with a mix. The effect of de facto revaluation of the Swiss franc was obvious here, actual earnings of the securities funds in terms of this currency dropping by some 21 per cent. for the foreign and mixed portfolio funds to Sw.Frs.46.8m. (59.6m.) and Sw.Frs.326.7m. (416m.), respectively, and shooting up to Sw.Frs.48.9m. (12.8m.) for the Swiss-only funds.

For the property funds, however, it was the plight of the Swiss economy which seems to have set the stage. Income of the 35 domestic portfolio funds in this field sank to Sw.Frs. 48.1m. (91.1m.) and that for the two Swiss-and-foreign property funds less rapidly to Sw.Frs.53m. (84m.). The six securities-plus-property funds booked only a meagre Sw.Frs.1.9m. (3.1m.) for the year. It was, incidentally, the Swiss-portfolio property funds which saw the only large-scale repayments in calendar 1975, this more than tripling to a substantial Sw.Frs.91.3m. (30.1m.).

Figures published at the end of May last by the Governm show that dividend paying dropped last year, though only some Sw.Frs.77m., or ab 9 per cent.—a much smalle crease than suffered by funds themselves in lost inc This fall was due primari a dip of about 14.3 per or Sw.Frs.94m., in the dends distributed by the se ties funds—again mainly of the exchange rat

Despite the difficulties enced in some aspects of funds' operation last year tificate circulation booke slight increase over the stand to reach (141.95m.) units. This that interest in fund ments is only marginally than that in the record 1973 with its 143.26m. ing certificates. Over the five years circulation has more than doubled, stood at only 62.84m. in

## Development

Two special forms of investment still await development. One is that surance-linked schemes, which both the and the insurance comp which originally started up with high hopes admi been a bit of a flop up to The trouble here is that man-in-the-street expects investments to improve and deteriorate, particularly connected to something "serious" as an insurance and cannot be persuaded in when stock prices are tively low; paradoxically funds and insurers expe mand to liven up as stock begin to rise.

The other special case of the so-called inve foundations, a number of are run by major banks. aim of these foundations place money for the Swiss pension funds by most companies in the try—but their future gr inhibited for the time pending new legislation on national social security. The vast amount of mone the pension funds, how could mean that these fo tions have an interesting fu

**John W**

# FARMING AND RAW MATERIALS

## Dry weather hits Brazil sisal crop

RIO DE JANEIRO, June 16.

BRAZIL MAY lose up to 30 per cent of its 1976-77 sisal crop because of prolonged dry weather in the north east producing states of Rio Grande do Norte, Bahia and Paraiba, said a spokesman for the Foreign Trade Department of the Bank of Brazil (Cacex), reports Reuter.

Output this year was expected to be around 140,000 tonnes, against earlier expectations of output 190,000, the amount produced last year.

But Brazil would probably fulfil its total UN Food and Agriculture Organisation (FAO) sisal export quota for 1976-77 of ...000 tonnes, despite the prospective fall.

This would probably be discussed at the FAO hard fibres consultative commission meeting now taking place in Rome, the spokesman said.

Our Commodities Staff writes: London dealers thought the estimated production cut was probably exaggerated, though they accepted that output would be down on last year's level.

## Sudan sells more gum-arabic

By James Buxton

SUDAN'S EXPORTS of gum-arabic have risen sharply in the last 12 months following substantial reductions in the price. Sudan supplies about 70 per cent of the world market for this commodity.

Exports between July last year and the end of this month are expected to total 27,000 tons, worth $34.1m. This compares with exports in the calendar year 1975 (half of which overlaps with the 1975-76 period), which were 14,788 tons, worth $7.3m., and in calendar year 1974 ...804 tons, worth $15m.).

Output of the crop, which is obtained from acacia trees, has been hit in recent years by the Sahelian drought. Exports have been affected by the high price Sudan has been charging at a time of recession in the industrial countries.

The new Sudan Government magazine, Sudanow, says exports have reflected successive price cuts, which began with a drop from $2,000 per ton to $1,500 in January 1975, followed two months later by a further drop to $1,225 a ton—the present price.

To prevent hardship to producers, the Bank of Sudan has introduced a 15 per cent. subsidy on the lower prices.

## Still hope for a big U.K. sugar beet crop

BY JOHN EDWARDS, COMMODITIES EDITOR

BRITAIN COULD still produce an average—or better than average—sugar beet crop this year, despite the drought, Mr. John Beckett, chief executive of the British Sugar Corporation, said yesterday.

He said the situation was very "patchy," some areas needing more than usual rainfall. In others, such as Yorkshire, too much rain had caused difficulty for farmers.

In view of the record overall acreage planted, however, Mr. Beckett was confident that a crop of 1m. tonnes could be achieved this year, providing sufficient rain fell in the crucial months ahead. But it was difficult to predict the size of the forthcoming crop with any accuracy at this stage.

A wet July and August would transform the situation, but arid conditions during this period would have an equal influence in reducing the crop.

Mr. Beckett said the situation was much better in Britain than on the Continent, notably France, where the drought was more serious.

Nevertheless it was unlikely that a shortage of beet supplies would develop in the Community; even with an average crop a substantial surplus of sugar was expected this year, following the increased plantings.

Mr. Beckett was speaking at the launching of a new venture by the BSC—the formation of a company called Beet Sugar Developments—to sell the Corporation's expertise to countries seeking to develop their own sugar beet industries.

The new company, a wholly-owned subsidiary of the Corporation, will receive backing from the W. S. Atkins group, one of Europe's largest integrated engineering consultancies, and so be able to provide a complete package.

### New factories

Mr. Bob Chappell, director and general manager of Beet Sugar Developments, forecast that about 60 new beet sugar factories would be needed over the next 10 years to meet growing world demand. On present day costs, this would involve an expenditure of over £2.3bn.

This prediction was based on the expected upsurge in demand in many countries, where the standard of living was rising. An estimated increase in the world sugar crop of 20m. tonnes, to 100m. tonnes, by 1980 takes into account consumer resistance to higher prices, the growth in sales of rival sweeteners, and cane and beet sugar maintaining their respective shares of the total market.

The world sugar market came under pressure on the London futures market yesterday. The London daily sugar price for raw sugar was cut back by £6, to £176 a ton.

Although there was a slight rally in the futures market after early losses, prices closed £3 to £5 down on the previous day's figure.

The easier tone was attributed to overnight rains in Europe and the U.K.

At the same time, the market had reacted to the report of Spain cutting back its sugar imports from Cuba and the steadier tone of sterling.

Latest reports from the International Sugar Organisation producers' meeting in London suggest that there is not likely to be a call for a negotiating conference on a new International Sugar Agreement, for the moment at least.

It is felt, apparently, that there is insufficient unity and agreement between the leading countries concerned for a negotiating conference to have much chance of success in present circumstances.

Our Kingston correspondent writes: The recently negotiated price for African, Caribbean, Pacific cane sugar has cut Jamaica's earnings from the commodity, not only in the EEC market but also on sales to Iran.

Jamaica last year earned $Jam.66.5m. (£40m.) on the sale of its quota of 125,000 tons of the EEC. With the new price for the 1976-77 delivery period, the island will earn $Jam.33.7m. (£20.4m.) on the same amount.

Jamaica is under a seven-year contract to supply 350,000 tons of sugar to Iran. On the 50,000 tons to be shipped this year, the island will earn $Jam.15m. (£9m.) against $Jam.36m. (£21.8m.) last year.

The price for the Iran shipments is computed by a formula which uses as its base the EEC price, plus 50 per cent. of the difference between the EEC price and the London daily price.

## Soyabean prices turn downwards

BY OUR COMMODITIES STAFF

THE STRONG upward movement in world soyabean values was brought to a halt on Tuesday night by a sharp reaction on the Chicago market. The 20 cents a bushel permissible limit fall prompted an even sharper decline on the London market yesterday when, in anticipation of another limit fall in Chicago, soyabeans fell to £145.60 a tonne in the December futures position at their lowest level. This compares with a peak of £170 a tonne earlier in the week.

In the event, however, a further limit fall was not sustained in Chicago. Values declined to 652 cents a bushel for September delivery at one stage, but the London market then recovered a little to close at £152.5 a tonne.

Dealers on both sides of the Atlantic saw the fall mainly as a reaction to the recent rise. They said suggestions that recent "bullish" weather reports had been exaggerated brought heavy Commission House selling into the market which was more-than-usually vulnerable because of the sheer scale of the rise during recent weeks.

In Chicago last night, soyabean futures recovered from an early fall before turning downwards again. Talk of Chinese purchases was quoted as a factor in the steadier tone.

In Washington, meanwhile, the U.S. Department of Agriculture (USDA) said U.S. soyabean farmers in an 18-State area which produced 96 per cent. of last year's total crop had planted 89 per cent. of their planned acreage, compared with 84 per cent. this time last year and an average of 76 per cent. by June 13.

Sorghum plantings in a seven-State area, which yielded 91 per cent. of last year's crop, had reached 84 per cent. against 80 per cent. in 1975 and the average of 81 per cent. for that date.

The USDA said planting of other spring sown crops was completed.

## Coffee hits £1,600 a tonne

By Richard Mooney

LONDON COFFEE values tested the £1,600 a tonne mark for the first time yesterday. This level was reached in the September position on the London terminal market, which eventually closed at £1,595.5 a tonne, up £43.5 on the day.

Dealers attributed the advance mainly to news that Colombia had cancelled special deal contracts with effect from August 15. This prompted buying by some U.S. roasters.

Reports of Indonesian shipment defaults may also have affected market sentiment, though it came as no great surprise to the trade. One trader said the news would have served as a further attraction to speculative buyers, who were looking for a rise to £1,600 in any case.

## Bolivian tin strike losses

LA PAZ, June 16.

PRODUCTION LOSSES as a result of the Bolivian miners' strike were estimated at around $2m., Sr. Alfredo Estivariz, information director of the Bolivian Mining Corporation (Comibol) told Reuter.

Meanwhile, the tin-producing provinces of Oruro and Potosi have been declared military zones. The measure follows six strike-bound tin mines being declared military zones yesterday in an attempt by the military Government of President Hugo Banzer to quell week-long anti-Government protests which threatened to grow into general strike proportions.

The miners are demanding the withdrawal of troops from mining areas, wage increases, the release of arrested leaders and repatriation of the body of former President Juan Torres.

Sr. Estivariz said, however, that there was no reason so far for Comibol to amend its 1976 tin production estimate of 20,000 to 21,000 tonnes.

Comibol was guardedly optimistic that the strike situation would "settle itself gradually" after the Bolivian Government decision yesterday to award pay increases of up to 30 per cent.

## Soviet meat, milk output down

FAILURE OF the Russian grain harvest last year has caused a growing decline in Soviet milk and meat production, according to official figures

The Government figures, published in the weekly economic gazette, reveal that meat production over the first five months of this year was 7 per cent. down, compared with that of the corresponding period in 1975.

Milk production is down by 8 per cent. and egg production by 4 per cent.

The agency says the situation is due to fodder shortages during the past winter. Reuter

DISEASE CONTROL

## Growing awareness of rabies threat

BY PETER BULLEN

THE SPATE of news stories about rabies in the Press and on radio and television recently have been strongly approved in Whitehall, especially in the offices of the Ministry of Agriculture.

Such is the concern about the disease and the determination to keep it out of Britain that the more the public is made aware of the dangers the better, as far as Ministry vets are concerned.

They are delighted that the message is getting home as indicated by the number of ordinary members of the public who have reported suspicious arrivals of animals in the country. What is more, the magistrates' courts have suddenly begun to impose really stiff fines on people convicted of importing animals illegally, which in turn generates more publicity and serves as a warning to would be animal smugglers.

The inexorable spread of rabies across Continental Europe to within 80 miles of the Channel coast — which it is likely to reach well before 1980 — has brought home to many people just how close the disease is. But the biggest threat to the British Isles, which are free of rabies, is still from animals that are brought into the country illegally.

It was no coincidence, therefore, that the Ministry of Agriculture timed the launching of its Rabies Awareness Campaign 1976 to reach its peak at the start of the summer holiday season, when the risk of an animal being smuggled into the country intentionally, or just being brought in through ignorance, is at its highest.

The campaign was launched just over a month ago by Dr. Gavin Strang, the Ministry's Parliamentary Secretary. Until 1975, fines imposed by courts had not reflected the increasingly serious threat from rabies. The average had been £50, but legislation introduced in 1974, increasing the possible penalties, resulted in the average jumping to £175 last year.

Since the 1976 campaign was launched last month, the average has jumped to around £220, and in 31 summary convictions this year the maximum £400 fine has been imposed six times. On indictment, there is scope for unlimited fines and up to a year in prison.

Little wonder then that on Tuesday night Dr. Strang allowed himself to boast in the Commons adjournment debate on rabies as far as the 1976 campaign was concerned: "I think I can fairly claim success.

"Offences against our import controls have been fully reported by the whole news media. The whole country is exercising vigilance," he said. "Several offenders have been brought to book by the alertness and initiative of the man in the street.

"This in itself, I suggest, has made our publicity campaign worth while. Moreover, the courts have responded to this higher level of public awareness. Several cases have been reported recently, in which magistrates have imposed the maximum penalty on summary conviction of £400. I am sure that such penalties have the overwhelming support of the public."

The Ministry is sending out guidelines to local authorities this week to enable them to draw up their own contingency plans to deal with any rabies outbreak. Many authorities in vulnerable areas such as the South East have already drawn up detailed plans and the Ministry and local authorities now have very wide powers to aid them in tackling such an emergency.

### Stray animals

If necessary, an infected area could be declared and movement of animals into, or out of it, restricted; muzzling of dogs could be ordered and the collection, or even destruction, of any stray animals introduced.

The destruction of foxes, the main vectors of the disease, would be high on the list of action likely to be taken in any outbreak. Other steps that can be taken include compulsory vaccination of animals, and the prohibition of hunting, race meetings and other events.

The Ministry and other Government departments, and the local authorities, hope they will not have to put the plans into operation. The English Channel provides a marvellous natural barrier that could keep the disease out for ever, were it not for the increasing movement of people and animals by air and sea.

The six-month compulsory quarantine on animals brought into Britain should prevent these animals from introducing the disease, but the smuggled pet, or a dog or cat allowed to escape from one of the many small boats visiting Britain in the summer, could always introduce the disease.

One way of tackling the problem of overseas visitors' ignorance of the U.K.'s strict ban on imports of all unlicensed animals is through the many thousands of posters and leaflets in six foreign languages that the Government has distributed through its embassies. With the help of other Governments in eight European countries, they have also been sent to ports, marinas, yacht clubs and other suitable locations.

A five-minute television film explaining the British policy has been shown in most European countries and news stories about the court cases in this country are also receiving attention abroad.

Dr. Strang told the Commons that other Governments had been helping out, too. French naval authorities had issued standing instructions that any animal belonging to a French warship must be left behind before sailing to the U.K.

The French Ministry of Transport had circulated information to associations of shipping owners, the fishing industry and the unions concerned. Posters and leaflets had been circulated to some 500 maritime sailing clubs affiliated to the French Sailing Federation. All this pointed to Britain having achieved a greater degree of awareness on both sides of the Channel.

Apart from the widespread suffering and destruction of pets and wildlife that an outbreak would cause, the most worrying aspect of this peculiarly horrible disease is its effect on humans. Unemotionally, and without any attempt to dramatise the situation, the Ministry of Agriculture describes the disease as "a viral infection of the central nervous system, for which there is no known cure and which is almost invariably fatal."

As Dr. Strang and his veterinary advisers have said repeatedly, "rabies is a terrible disease, a killer. It must be kept out of Britain."

## U.S. OPTIMISM ON GRAIN TRADE

KANSAS CITY, June 16.

U.S. grain exports would be much better than earlier indicated, Mr. Richard Bell, Assistant Secretary of Agriculture, told a Board of Trade dinner here.

Europe would not have a good crop year because of drought, and was having to draw down stocks of last year's poor harvest, he said. Japan had also shown a strong demand for grains. Reuter

# COMMODITY MARKET REPORTS AND PRICES

## BASE METALS

COPPER—Marginally easier on balance on the London Metal Exchange. Forward metal initially lost ground in the pre-market owing to the rise in sterling and lower overnight trend on Comex, the price falling from £915 to £908, but it subsequently rallied to £919 on fresh speculative buying coupled with arbitrage interest before it eased again on the kerb to end at £915. In the afternoon values rose afresh following the higher opening trend on Comex and the modest reaction in sterling; forward metal rising to £923 before ending modestly lower on the kerb at £921.5. Turnover 24,850 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded [illegible]

... months £919, 19.5, 20, 20.5, 21, 22, 23, 22, 21, 21.5, 22, 21.5.

TIN—Lost ground, despite the further overnight rise in the Penang price, on currency considerations and lack of interest. Forward standard metal opened lower at £4,580 and subsequently moved lower on general liquidation. In the afternoon the price fell further to £4,540 on selling which was believed to have been on behalf of the buffer stock manager, although short covering prompted a modest rally on the kerb to £4,535. [illegible]

[illegible]

## COCOA

[illegible]

## COFFEE

[illegible]

## RUBBER

[illegible]

## SILVER

[illegible]

## GRAINS

[illegible]

## FREIGHTS

U.S. Gulf to Japan at $10.30 f.i.o. for July while Indian Government brokers booked a bagged rice cargo from U.S. Gulf to India at $40 free discharge for July. The same brokers also arranged a sulphur cargo from Shuaiba to India at $5.25 f.i.o. for June-July.

In the sugar section, business developed from Bangkok to Japan at $10.50 f.i.o. for June. Timecharterers fixed a vessel of 26,450 long dwt for a voyage from British Columbia to U.K./Continent at $7.45 July and a vessel of 20,266 long [illegible]

HGCA—Location ex-farm spot prices: Soft milling wheat—Hertfordshire £74.55. Feed Barley—Hertfordshire £70.00.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, slightly easier. Close: Sept. 72.90, Nov. 75.75, Jan. 78.40, March 80.85, May 83.30. Business: Sept. 73.05-72.50, Nov. 76.05-75.70, Jan. 78.65-78.20, March 81.20-80.90, May 83.55-83.35. Sales: 304. Barley, slightly easier. Close: Sept. [illegible]

## SOYABEAN MEAL

[illegible]

## SUGAR

[illegible]

## WOOL FUTURES

[illegible]

... 279.2: Oct 281.5-282.0, 281.7-280.5; Dec. 292.0-292.2, 293.0-291.0; March 300.5-301.5, 301.0-300.0; May 305.3-306.0, 306.5-305.0. Sales: 698.

## JUTE

LONDON—Steady. Bangladesh White 'C' grade June-July £380. 'D' grade June-July £362. A long ton. [illegible]

## MEAT/VEGETABLES

[illegible]

## COTTON

[illegible]

## PRICE CHANGES

Prices per ton unless otherwise stated.

| | June 16 1976 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £486 | | £456 |
| Free Market (cif) | £495-510 | | £465-475 |
| [illegible] | [illegible] | [illegible] | [illegible] |

## U.S. Markets

## Colombian supply fear lifts coffee

NEW YORK, June 16.

PRECIOUS metals and grain futures eased on renewed speculative liquidation, following yesterday's sharp declines. Coffe registered limit advances on fears of reduced Colombian supplies, while cocoa, copper and sugar rallied on renewed speculative and chartist buying, Bache reports.

Cocoa—Ghana spot 107½ (107½). Bahia spot 100½ (100½ nom.). July 96.90 (95.65). Sept. 91.20 (90.65). Dec. 82.60. March 78.15, May 73.30, July 72.50, Sept. 70.15. Sales 1,706.

Coffee—"C" Contract: July 152.75 bid (150.75). Sept. 153.90 bid (150.90). Dec. 149.75 bid. March 145.20 bid. May 144.00. Sales 275.

Copper—June 72.30 (70.60). July 72.50 (71.00 settlements). August 73.10. Sept. 73.60. Dec. 75.30. Sales 8,200.

Cotton—No. 2: July 78.08 asked (76.08). Oct. 78.02 bid (76.03). Dec. 75.75. March 74.05 bid. May 72.60 asked. July 69.64-69.70. Oct. 66.30 bid. Sales 2,250.

‡Gold—June 125.50 (126.10). July 126.00 (126.50). August 126.50. Oct. 127.90. Dec. 129.40. Feb. 131.00. April 132.60. June 134.20. August 135.80. Oct. 137.40. Sales 957.

Greasewool—Spot 151.0 nom. (same). July 177.5 bid (176.6). Oct. 180.5-186.0 (181.6). Dec. 180.0-186.5. March 180.0-186.0. May unquoted.

†Lard—Chicago loose 17.25 nom. (same). NY prime steam 18.75 asked (same).

††Maize—July 294½-295 (298½). Sept. 258-258½ (265½). Dec. 260½-261. March 289½. May 293½-294.

‡Platinum—July 167.60 (165.30). Oct. 171.50 (171.40). Jan. 174.60. April 178.00. July 181.50-181.60. Oct. 184.50. Sales 652.

‡‡Silver—Spot 483.50 (487.00). June 482.50 (482.90). July 483.20 (483.70). August 485.00. Sept. 486.90. Dec. 494.40. Jan. 496.90. March 502.00. May 507.50. July 512.70. Sept. 518.20. Sales 15,338.

*Soyabeans—July 645-642 (658½). August 645-646 (660½). Sept. 650. Nov. 654½-657. Jan. 656-657. March 659. May 662-661. July 662½.

bSoyabean Meal—July 201.50-202.50 [illegible]

[illegible]

## CINEMAS

[illegible]

## ART GALLERIES

[illegible]

## PUBLIC NOTICES

[illegible]

## CLUBS

[illegible]



## FINANCIAL TIMES

[illegible]

## REUTER'S

[illegible]

## DOW JONES

[illegible]

## MOODY'S

[illegible]

# STOCK EXCHANGE REPORT

# Markets below best despite TUC 'yes' to pay policy

## Index up 3.5 at 385.0, after 386.2—Golds unsettled

**Account Dealing Dates**

| Option *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| June 1 | Jun. 10 | Jun. 11 | Jun. 22 |
| Jun. 14 | Jun. 24 | Jun. 25 | July 6 |
| Jun. 28 | July 8 | July 9 | July 20 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Confirmation that the Government's pay restraint policy had received overwhelming support from the TUC came as an anticlimax to stock markets yesterday. Already firm in anticipation of the announcement, which became known around lunch time, leading equities began to fail-off towards the close and final quotations were one or two pence below the best. Up 4.7 at its highest of the day at 1 p.m., the F.T. 30-share index reacted to close 3.5 better on balance at 385.0, for a two-day gain of 6.9. A few buyers were seen in the early trading, but interest soon faded. The low level of activity was reflected in a further contraction in official markings of 4,382 compared with 4,610 on Tuesday.

Gilt-edged securities were quietly firm again and closing gains ranged to ⅛. The trend in the "after-hours" dealings, however, was to lower levels in sympathy with a late reaction in sterling. The Government Securities index hardened 0.17 further to 62.59.

Secondary equities were noteworthy for the occasional feature in response to trading news, while a slightly better overall trend was reflected in the 9-4 majority of rises over falls in F.T.-quoted Industrials. The F.T.-Actuaries All-Share index improved 1 per cent. to 159.52.

South African Industrials and Gold mining shares were unsettled by reports of rioting near Johannesburg. Falls in the mining section were mirrored in a loss of 6.1 to 184.9 in the Gold Mines index.

### Gilts move higher

The early upturn in British Funds continued to be underpinned basically by yield considerations with anticipations of the TUC approving the Government's wage deal included as an additional stimulant. The Government broker was confirmed as a seller of long "tap," Exchequer 13¼ per cent., 1996, supplies at 94¼, but was not seriously asked to furnish stock. Final gains in this and the medium sector extended to ⅜, while the shorts were nearly that amount better in places, although the market was turning away from the highest levels after-hours following the late easiness in sterling. Corporations became more prominent and advanced as much as a point.

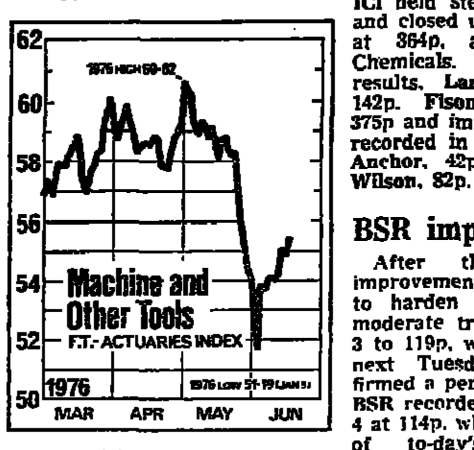
Sensitive to only a moderate demand, the investment currency premium rose to 122 per cent. before reacting to close a net ¾ up at 119¾ per cent. Sterling's late trend appeared to have little influence on sentiment. Yesterday's SE conversion factor was 0.6635 (0.6704).

### Insurances better

Although the volume of business left much to be desired in Insurances, some useful gains were recorded. Sun Alliance fared best among Composites, rising 10 to 398p, while "Royals" gained 6 to 286p, after 288p, and improvements of 4 were seen in Eagle Star, 121p, Guardian Royal Exchange, 187p, and Phoenix, 204p. Brokers also did well, with Matthews Wrightson prominent at 196p, up 8. C. E. Heath added 7 to 407p.

The big four Banks were neglected, but closed around 2 harder after an initial mark-up. Hongkong and Shanghai were dull at 310p, down 10, in Foreign issues where rises of 5 and 6 respectively were recorded in Australia and New Zealand, 485p, and Standard Chartered, 403p. Merchant banks tended to harden in places. Anglo-Continental improved 3 to 42p and Slater Walker Securities added 2 at 26p.

After Tuesday's increased activity, Breweries attracted another fair trade yesterday. Arthur Guinness were the dominant feature touching 137p on the better-than-expected first-half profits before closing 5 higher on balance at 135p. Bass Charrington added 2 more at 99p and Scottish and Newcastle improved a penny to 58p. Allied were quieter and closed unaltered at 65p: the interim results are due June 22. Elsewhere, Distillers edged forward a penny more to 148p and Teacher (Distillers) gained 3 to 235p.




AP Cement revived in Buildings with an improvement of 5 to 158p. M. P. Kent, at 35p, made a similar improvement on news of the sale of a major proportion of completed industrial and office developments for some £6½m. Armitage Shanks gained 2 to 62p following Press mention and Streeters hardened a penny to 56p on the chairman's bullish remarks at the annual meeting. Tarmac were 4 dearer at 155p after the annual meeting, while small buying in a thin market left International Paint 10 higher at 340p.

Following Tuesday's successful conclusion to the "rights" issue, ICI held steady in quiet trading and closed unchanged on the day at 364p, after 366p in firm Chemicals. In front of to-day's results, Lankro hardened 5 to 142p. Fisons were also 5 up at 375p and improvements of 3 were recorded in Allied Colloids, 110p, Anchor, 42p, and Albright and Wilson, 82p.

### BSR improve

After the previous day's improvement of 4, GEC managed to harden 2 more to 156p in moderate trading. BICC put on 3 to 119p, while Plessey awaiting next Tuesday's annual figures, firmed a penny to 72p. Elsewhere, BSR recorded an improvement of 4 at 114p, while Chloride, in front of to-day's annual results, hardened 2 to 100p. James Scott moved forward 2 more to 19p, while Lee Refrigeration ended similarly better at 62p.

Leading Stores followed Tuesday's pattern of partially losing initial gains in idle trading conditions. Net gains of a penny were registered in Burton "A," 43p, after 44p, and Gussies "A," 189p, while Marks and Spencer ended a penny down at 92p, after 94p. Secondary issues usually displayed minor gains. Cope Sportswear were 4 firmer at 22p, while improvements of 3 occurred in Foster Bros. Clothing, 59p, and Combined English Stores, 72p. Sumrie Clothes, a dull spot of late on the poor preliminary statement, recovered a penny to 14p. Against the trend, Arthur Henriques shed 2 to a low for the year of 18p. Garnar Scotblair made a firm showing in Shoes and Leather at 69p, up 3.

Fresh investment demand in a market none too well supplied with stock lifted Hawker 8 more to 460p, but buying of other Engineerings was less forceful. Vickers improved 3 to 183p, while Tube Investments hardened 2 to 332p, after 334p. Weyburn became extremely erratic after the interim results which were considered highly satisfactory; liquidation of outstanding bull positions immediately following the announcement saw the price fall to 280p, but as soon as this was completed a fresh upturn began which brought a close of 314p, for a rise of 11 on the day. L. Gardner responded to the news that Rolls-Royce Motors had acquired a stake of nearly 17 per cent. and were to hold discussions with the former, which closed a further 6 up at 126p. Comment on the "rights" issue and higher dividend forecast encouraged support of WGI, 7 dearer at 86p, while Herbert Morris picked up 4 to 114p. Trading announcements lowered James H. Dennis 2 to 42p and Triplex Foundries 1 to 61p.

Features in Foods included Fox's Biscuits, up 7 at 177p, and Manbre and Garton which, ahead of to-day's interim results, put on 4 to 141p. Still reflecting the bumper profits and proposed scrip issue, Alpine Soft Drinks gained 5 further to 140p, but Highgate and Job fell 4 to 51p after the sharply lower profits which, although expected, indicated lack of any second-half recovery. William Low gained another 4 to 78p and Batleys of Yorkshire 3 to 54p. Leading shares held close to overnight levels apart from Tate and Lyle, 3 dearer at 259p, after 262p.

### Chubb advance

Miscellaneous Industrial leaders tended to slip back from earlier firmer levels, with Beecham ending a penny easier at 379p, after 383p, and Glaxo unchanged at 400p, after 403p. However, Turner and Newall, 144p, Metal Box 273p, and Pilkington, 340p, managed to hold gains of 3. Elsewhere, Chubb and Son showed satisfaction with the profits expansion and advanced 8 to 114p, while Whitecroft Industrial, in anticipation of Monday's results, rose 7 to 109p. English China Clays recovered another 2 to 85p ahead of to-day's interim announcement. De La Rue moved ahead 8 to 230p and Sale Tilney 7 to 112p, while Central Manufacturing put on 4 to 46p and LRC International 3 to 38p. B. Fertleman, in marked contrast, retreated 9 to 40p unsettled by the second-half downturn, while Ozalid, in reflection of adverse Press comment, cheapened 5 to a low for the year of 104p.

Aided by a broker's circular, Lucas Industries rose to 215p before ending a net 6 higher at 213p. Group Lotus Car shed a penny to 25p on the large loss and omission of a dividend, while Reliant Motor eased ½ to 6p on the loss. Dowty were a firm market at 154p, up 7, while British Leyland hardened a penny more to 33p. Garages were widely better again. Lex gained 1 to 32½p.

Slightly more interest was shown for selected Newspapers and Thomson improved 3 to 350p, while United gained 4 to 268p. Papers made scant reply to news of the £23m. industry grant, but British Printing revived 2½ to 36½p, the view being taken that they had recently been overlooked.

### BP revive

British Petroleum benefited from some local professional support and, after the uncertainty over the previous two days, moved up 8 to 620p. Shell, on the other hand, were static at 446p, but renewed speculative demand lifted Tricentrol 4 further to 55p and Burmah hardened 1 to 42p. The chairman's remarks at yesterday's annual meeting about disparities between assets and market values helped British-Borneo pick up 4 to 120p. Elsewhere, LASMO improved 3 to the same level as SCOT, 210p, the latter being unmoved.

The preliminary statement from Land Securities (unchanged at 154p) being much-as-expected, failed to stimulate interest in leading Properties, which closed little altered after a slack trade. MEPC ended a penny firmer at 66p, after 67p. There were several pockets of interest elsewhere. Press comment on the likelihood of Sun Life raising its 84p cash offer left Artagen Properties 3 higher at 88p, while further take-over speculation brought fresh gains of 4 in both Argyle Securities, 43p, after 45p, and Inter-european Properties, 67½p. Property and Reversionary "A" added 7 at 175p, still helped by the recent annual results, while Property Partnerships, with preliminary figures due to-day, improved 4 to 36p. McInerney Properties responded to the increased profits with a gain of 3 to 19p.

Among Overseas Traders, Inchcape receded 6 to 400p and Paterson Zochonis "A" 5 to 170p, while Lonrho gave up the previous day's gain of 3 at 82p. Harrisons and Crosfield closed 25 cheaper at 925p: the price in yesterday's issue was incorrect. Ocean Wilsons stayed in firm vein, adding 2 to 134p.

Williams Hudson were a nervous market in Trusts and Financials, easing to 13p following Press criticism of the Board's capital proposals before rallying late to close only a shade lower at 14½p.

Shippings passed another quiet session. P & O Deferred edged forward 2 to 107p and Milford Docks rose 3 to 70p. Awaiting to-day's preliminary results, British and Commonwealth gained a penny to 184p, after 186p.

With the exception of Tomkinsons, which eased a penny more to 52p on further consideration of the first-half profits setback, Textiles generally gave a firm performance. Small demand in front of to-day's interim results left Sidlaw Industries 3 dearer at 75p, while recovery hopes helped U.U. harden a penny to 5p despite the interim dividend omission and first-half trading loss. In a thin market, Lister hardened 3 to 28p. With preliminary results due next Monday, Dawson International Ordinary, 51p, and "A," 50p, both improved 2. Courtaulds edged up a penny to 133p. Tobacco leaders closed below the best with Bats 3 better at 378p, after 380p, and Imps a shade dearer at 75½p, after 77p.

South African Industrials were dull following reports of rioting students and bloodshed. Abercom lost 12 to 193p, while Hulett's Corporation fell 10 to 180p.

Peacock Sasini featured Teas, rising 7 to a 1976 peak of 54p on the revised bid terms from Warren Plantations, 2 lower at 93p. Bandanaga were unmoved at 38p after the results, while Jokai were also unaltered at 125p despite an encouraging interim statement.

### Unsettled Mines

South African Gold shares [illegible] considerable ground, follo[wing] news of an anti-Government [riot] in the Soweto African tow[nship] near Johannesburg, in which at least six people are believed [to] have died.

After having opened a [shade] easier on lack of interest and [a] lower bullion price, which finally 75 cents down at $12[illegible] per ounce, shares were sh[arply] marked down and the Gold M[ines] index subsequently lost [6.1 to] 184.9. The fall in the [illegible] rate also had an adverse [effect] on prices.

In the heavyweights, Ran[dfontein] receded a point to £2[illegible] a similar loss was sustained [by] Buffels, 950p. Western Dee[p] up ¼ to £10½, while Vaal [Reefs] and West Driefontein were [¼ and] ⅛ lower at £16¾ and [illegible] respectively.

Of the lower-priced [issues] Kloof were 40 off at 330p [and] Harmony fell 30 to 400p.

Financials mirrored Golds, business again remaining [at] minimal levels. Anglo Am[erican] fell 18 to 300p, while "Am[gold]" gave up 45 to 490p. Sele[ction] Trust lost 5 to 485p, after [illegible] following the increased div[idend] and full-year's profits. Gold F[ields] reacted 3 to 179p.

Platinums also moved low[er on] the riot news, Potgieter[srust] being 6 down at 174p. Cop[pers], however, were firmer, [with] Minorco particularly wanted; [the] shares jumped 20 to 240p, [after] a year's high of 250p, reflecti[ng] substantial U.S. demand.

Australians were firmer [in] response to the better trend [in] overnight home mar[kets]. Pancontinental rose £1¼ to £[illegible], while Poseidon gained a fur[ther] 10 to a year's high of 275p.

Elsewhere, Sabina put on [illegible] 93p following favourable [Press] comment.

## FINANCIAL TIMES STOCK INDICES

| | June 16 | June 15 | June 14 | June 11 | June 10 | June 9 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 62.59 | 62.42 | 62.32 | 62.38 | 62.31 | 62.39 | 58.0[illegible] |
| Fixed Interest | 61.96 | 61.96 | 61.78 | 61.81 | 61.77 | 61.69 | 57.6[illegible] |
| Industrial Ordinary | 385.0 | 381.5 | 378.1 | 378.7 | 374.9 | 379.5 | 330.[illegible] |
| Gold Mines | 184.9 | 191.0 | 187.5 | 181.5 | 197.0 | 188.5 | 370.[illegible] |
| Ord. Div. Yield | 5.57 | 5.62 | 5.66 | 5.65 | 5.66 | 5.63 | [illegible] |
| Earnings Y'ld % (full) | 15.61 | 15.85 | 15.97 | 16.07 | 16.04 | 16.07 | [illegible] |
| P/E Ratio (net) (*) | 9.37 | 9.29 | 9.22 | 9.19 | 9.22 | 9.22 | [illegible] |
| Dealings marked | 4,382 | 4,610 | 4,585 | 4,635 | 4,285 | 4,329 | [illegible] |
| Equity turnover £m. | — | 86.55 | 58.89 | 46.96 | 44.94 | 41.55 | [illegible] |
| Equity bargains total | — | 11,005 | 9,890 | 11,678 | 10,940 | 10,575 | [illegible] |

10 a.m. 384.6. 11 a.m. 384.9. Noon 385.6. 1 p.m. 386.2. 2 p.m. 385.8. 3 p.m. 385.2. Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=8.39.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec 1942.

## HIGHS AND LOWS

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 65.21 (30/1/76) | 60.19 (2/1/76) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 64.43 (2/2/76) | 59.75 (2/1/76) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 (4/5/76) | 364.7 (2/6/76) | 543.6 (19/5/72) | 49.4 (26/6/40) |
| Gold Mines | 246.9 (2/1/76) | 140.1 (5/4/76) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | June 16 | June 15 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | 166.2 | [illegible] |
| Industrials | 140.9 | [illegible] |
| Speculative | 45.9 | [illegible] |
| Totals | 99.7 | [illegible] |
| 5-day Av'r'ge. | | |
| Gilt-Edged | 160.9 | [illegible] |
| Industrials | 143.4 | [illegible] |
| Speculative | 45.0 | [illegible] |
| Totals | 100.1 | [illegible] |

## F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

| | Equity groups | Wed. June 16, 1976 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (net) (Corp. Tax 52%) | Est. P/E Ratio (nil) (Corp. Tax 52%) | Tues. June 15 Index No. | Monday June 14 Index No. | Friday June 11 Index No. | Thurs. June 10 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (179) | 146.19 | +1.1 | 15.90 | 6.14 | 9.47 | 9.37 | 143.65 | 143.95 | 142.81 | 142.07 | 119.76 | 160.06 | 137.18 | 206.37 | 50.71 |
| 2 | Building Materials (30) | 129.13 | +0.9 | 15.06 | 7.14 | 10.07 | 10.07 | 127.94 | 128.78 | 127.65 | 126.32 | 101.89 | 150.18 | 123.78 | 233.84 | 44.27 |
| 3 | Contracting, Construction (23) | 197.17 | — | 18.78 | 5.50 | 8.36 | 8.36 | 197.12 | 198.15 | 195.88 | 196.04 | 226.65 | 260.20 | 193.00 | 339.33 | 71.48 |
| 4 | Electricals (16) | 264.70 | +1.8 | 15.54 | 4.69 | 9.51 | 9.23 | 259.94 | 258.82 | 256.70 | 255.69 | 214.55 | 287.30 | 245.72 | 350.04 | 86.71 |
| 5 | Engineering (Heavy) (13) | 177.47 | +1.1 | 22.41 | 6.83 | 6.96 | 6.96 | 175.51 | 174.77 | 172.80 | 171.99 | 144.39 | 193.18 | 161.88 | 202.57 | 94.43 |
| 6 | Engineering (General) (63) | 135.98 | +1.2 | 15.65 | 6.49 | 9.47 | 9.47 | 134.42 | 134.95 | 133.93 | 133.23 | 106.20 | 149.29 | 125.48 | 168.59 | 45.14 |
| 7 | Machine and Other Tools (9) | 55.40 | +0.9 | 13.66 | 7.22 | 13.08 | 13.04 | 54.92 | 55.08 | 54.28 | 54.03 | 42.48 | 60.62 | 51.19 | 136.70 | 19.96 |
| 8 | Miscellaneous (25) | 129.15 | +0.2 | 14.57 | 6.60 | 10.47 | 10.16 | 128.93 | 129.42 | 129.22 | 128.98 | 109.42 | 141.94 | 121.53 | 177.41 | 49.65 |
| 9 | CONSUMER GOODS (DURABLE) (53) | 126.31 | +0.9 | 16.51 | 5.33 | 9.05 | 9.03 | 125.14 | 125.41 | 124.27 | 124.08 | 85.99 | 141.46 | 116.86 | 227.78 | 58.39 |
| 10 | Lt. Electronics, Radio TV (15) | 139.17 | +0.6 | 14.47 | 3.99 | 10.16 | 10.14 | 138.34 | 138.84 | 137.73 | 137.52 | 99.23 | 160.35 | 128.75 | 257.41 | 42.85 |
| 11 | Household Goods (13) | 165.47 | −0.1 | 18.55 | 7.03 | 8.20 | 8.18 | 165.64 | 166.40 | 166.26 | 166.99 | 131.38 | 187.22 | 162.00 | 263.22 | 63.92 |
| 12 | Motors and Distributors (25) | 78.80 | +1.8 | 18.84 | 6.73 | 8.04 | 8.00 | 77.39 | 77.32 | 76.26 | 75.97 | 46.61 | 85.16 | 70.05 | 170.59 | 19.91 |
| 13 | CONSUMER GOODS (NON-DURABLE) (168) | 148.36 | +1.0 | 14.32 | 6.13 | 10.59 | 10.50 | 146.91 | 147.04 | 145.34 | 144.40 | 135.30 | 162.24 | 138.95 | 226.08 | 61.41 |
| 14 | Breweries (15) | 160.22 | +1.4 | 14.51 | 6.95 | 10.35 | 10.35 | 158.05 | 157.65 | 156.33 | 154.56 | 149.95 | 179.43 | 147.99 | 281.87 | 69.47 |
| 15 | Wines and Spirits (7) | 179.83 | +0.6 | 10.60 | 5.63 | 14.43 | 14.45 | 178.70 | 177.61 | 175.97 | 173.79 | 163.00 | 190.67 | 169.90 | 257.40 | 78.71 |
| 16 | Entertainment, Catering (14) | 176.45 | +1.7 | 13.77 | 7.43 | 11.20 | 11.11 | 173.55 | 172.63 | 170.54 | 169.57 | 148.65 | 211.26 | 158.17 | 329.99 | 54.87 |
| 17 | Food Manufacturing (22) | 167.04 | +0.6 | 15.70 | 5.82 | 9.67 | 9.62 | 166.06 | 166.76 | 163.34 | 163.27 | 146.14 | 179.44 | 157.25 | 211.65 | 59.78 |
| 18 | Food Retailing (16) | 136.14 | +0.8 | 12.27 | 5.38 | 11.88 | 11.88 | 135.06 | 135.16 | 133.60 | 132.62 | 135.01 | 150.05 | 126.86 | 235.08 | 54.25 |
| 19 | Newspapers, Publishing (16) | 168.63 | +1.1 | 12.36 | 6.14 | 12.43 | 12.43 | 166.76 | 166.91 | 165.48 | 164.90 | 141.17 | 184.34 | 157.01 | 250.29 | 55.08 |
| 20 | Packaging and Paper (12) | 101.53 | +1.4 | 16.36 | 7.45 | 9.39 | 9.39 | 100.12 | 101.26 | 100.51 | 99.71 | 96.27 | 112.50 | 94.92 | 135.69 | 43.46 |
| 21 | Stores (34) | 119.26 | +0.4 | 13.01 | 5.79 | 11.83 | 11.81 | 118.76 | 118.59 | 118.02 | 116.84 | 119.68 | 136.24 | 113.17 | 204.39 | 52.63 |
| 22 | Textiles (23) | 151.09 | +1.3 | 9.83 | 7.56 | 14.60 | 12.96 | 149.12 | 150.45 | 148.67 | 148.32 | 134.44 | 183.19 | 141.90 | 253.72 | 62.66 |
| 23 | Tobaccos (3) | 227.89 | +1.8 | 19.15 | 6.22 | 7.97 | 7.97 | 223.76 | 224.27 | 220.74 | 219.61 | 185.19 | 241.89 | 211.56 | 359.16 | 94.34 |
| 24 | Toys and Games (6) | 73.00 | +1.3 | 20.05 | 7.53 | 6.95 | 6.95 | 72.10 | 71.95 | 71.39 | 71.39 | 42.07 | 78.73 | 59.13 | 135.72 | 20.92 |
| | OTHER GROUPS (96) | | | | | | | | | | | | | | | |
| 25 | Chemicals (26) | 217.08 | +0.7 | 11.47 | 5.17 | 12.13 | 12.13 | 215.66 | 216.34 | 214.56 | 213.56 | 174.59 | 231.38 | 199.45 | 231.38 | 71.20 |
| 26 | Office Equipment (9) | 95.08 | −0.3 | 12.52 | 5.45 | 11.61 | 11.61 | 95.36 | 94.23 | 93.70 | 92.93 | 87.60 | 100.18 | 85.09 | 246.06 | 45.34 |
| 27 | Shipping (12) | 378.17 | +0.9 | 13.79 | 6.86 | 10.02 | 9.09 | 374.88 | 376.21 | 371.04 | 369.81 | 345.97 | 452.64 | 355.52 | 517.00 | 90.80 |
| 28 | Miscellaneous (49) | 157.78 | +0.8 | 14.13 | 7.00 | 10.58 | 10.57 | 156.59 | 156.89 | 156.25 | 155.61 | 139.99 | 172.98 | 148.45 | 258.83 | 60.39 |
| 29 | INDUSTRIAL GROUP (496) | 153.32 | +0.9 | 14.51 | 6.00 | 10.41 | 10.52 | 151.94 | 152.17 | 150.74 | 149.82 | 131.94 | 165.38 | 143.68 | 220.17 | 59.01 |
| 30 | OILS (4) | 370.68 | +0.6 | 11.55 | 4.43 | 10.01 | 9.27 | 368.38 | 366.88 | 363.46 | 361.77 | 287.09 | 395.64 | 331.54 | 431.66 | 87.25 |
| 31 | 500 SHARE INDEX | 171.17 | +0.9 | 13.86 | 5.75 | 10.35 | 10.14 | 169.70 | 169.81 | 168.22 | 167.23 | 144.88 | 185.00 | 161.90 | 227.95 | 63.49 |
| 32 | FINANCIAL GROUP (100) | 126.50 | +1.8 | — | 5.84 | — | — | 124.22 | 124.00 | 122.78 | 121.71 | 136.29 | 156.46 | 118.52 | 241.41 | 55.88 |
| 33 | Banks (6) | 153.43 | +0.9 | 20.18 | 5.52 | 7.62 | 7.62 | 152.08 | 151.63 | 151.35 | 150.64 | 160.31 | 192.16 | 146.38 | 288.32 | 62.44 |
| 34 | Discount Houses (10) | 155.05 | +0.3 | — | 9.04 | — | — | 152.61 | 155.05 | 153.25 | 154.88 | 146.35 | 186.52 | 147.90 | 293.13 | 81.40 |
| 35 | Hire Purchase (5) | 92.82 | +0.9 | — | 6.98 | — | — | 91.95 | 91.95 | 92.44 | 92.63 | 91.07 | 132.10 | 90.30 | 433.72 | 38.83 |
| 36 | Insurance (Life) (9) | 109.78 | +1.5 | — | 6.50 | — | — | 108.16 | 107.67 | 104.13 | 101.15 | 110.71 | 129.46 | 95.91 | 194.46 | 44.88 |
| 37 | Insurance (Composite) (7) | 98.36 | +3.8 | — | 7.14 | — | — | 94.74 | 94.42 | 93.40 | 92.03 | 112.22 | 119.75 | 90.03 | 155.76 | 43.96 |
| 38 | Insurance Brokers (9) | 256.63 | +2.2 | 9.65 | 4.53 | 15.31 | 15.31 | 250.17 | 250.89 | 247.17 | 244.87 | 194.37 | 276.90 | 213.26 | 276.90 | 65.86 |
| 39 | Merchant Banks (16) | 72.98 | +0.8 | — | 7.66 | — | — | 72.42 | 72.76 | 71.82 | 72.66 | 84.79 | 93.53 | 69.72 | 278.57 | 31.21 |
| 40 | Property (32) | 154.16 | +1.2 | 3.45 | 3.31 | 50.83 | 51.48 | 152.37 | 152.34 | 151.18 | 150.65 | 107.22 | 194.57 | 144.37 | 357.40 | 56.01 |
| 41 | Miscellaneous (6) | 73.26 | +1.2 | 17.84 | 8.15 | 8.77 | 8.77 | 72.37 | 72.44 | 72.92 | 73.19 | 73.56 | 91.98 | 69.83 | 303.18 | 33.29 |
| 42 | Investment Trusts (50) | 151.01 | +1.0 | 3.51 | 4.94 | 29.62 | 29.62 | 149.50 | 148.06 | 146.58 | 146.71 | 165.70 | 184.55 | 141.96 | 248.79 | 71.63 |
| 43 | ALL-SHARE INDEX (650) | 159.52 | +1.0 | — | 5.72 | — | — | 157.89 | 157.84 | 156.35 | 155.41 | 143.27 | 172.64 | 150.59 | 228.18 | 61.92 |
| | COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 | Rubbers (9) | 479.35 | — | 12.43 | 7.11 | 12.13 | 11.96 | 479.35 | 479.35 | 484.05 | 479.35 | 421.75 | 523.40 | 404.67 | 555.37 | 84.68 |
| 45 | Teas (8) | 137.32 | −0.2 | 30.68 | 8.63 | 4.42 | 4.27 | 137.56 | 138.05 | 138.05 | 138.05 | 97.44 | 140.44 | 117.89 | 140.44 | 59.72 |
| 46 | Coppers (3) | 258.74 | −0.1 | 38.19 | 6.64 | 2.62 | 2.62 | 259.07 | 255.74 | 254.53 | 262.62 | 407.19 | 301.47 | 176.95 | 567.78 | 94.08 |
| 47 | Mining Finance (11) | 111.45 | — | 9.36 | 4.52 | 11.98 | 11.89 | 111.46 | 110.40 | 111.23 | 111.13 | 129.92 | 119.77 | 86.18 | 175.90 | 66.31 |
| 48 | Tins (8) | 115.00 | −0.9 | 11.20 | 7.88 | 13.40 | 12.72 | 113.96 | 113.77 | 113.89 | 113.31 | 102.16 | 115.14 | 86.09 | 125.43 | 54.85 |
| 49 | Overseas Traders (13) | 232.36 | −0.9 | 14.27 | 4.45 | 9.12 | 9.11 | 234.42 | 234.47 | 231.20 | 230.66 | 220.11 | 254.47 | 222.75 | 254.47 | 97.37 |

| | FIXED INTEREST | Wed. June 16 Index No. | Yield % | Tuesday June 15 | Monday June 14 | Friday June 11 | Thurs. June 10 | Wed. June 9 | Tuesday June 8 | Monday June 7 | Year ago (approx.) | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 13.89 | 13.98 | 14.17 | 14.06 | 14.05 | 14.05 | 14.04 | 14.01 | 14.11 | | | | |
| 2 | 20-yr. Govt. Stocks (6) | 49.28 | 13.20 | 48.96 | 48.72 | 49.03 | 48.83 | 48.96 | 48.96 | 48.76 | 47.22 | 53.45 | 47.56 | 115.42 | 38.27 |
| 3 | 20-yr. Red. Deb. & Loans (15) | 50.62 | 14.61 | 50.62 | 50.53 | 50.83 | 50.69 | 50.56 | 50.56 | 50.37 | 45.76 | 52.40 | 46.68 | 115.45 | 57.01 |
| 4 | Investment Trust Prefs. (15) | 47.59 | 14.61 | 47.38 | 47.59 | 47.49 | 47.30 | 46.93 | 46.88 | 45.43 | 41.63 | 51.22 | 45.43 | 114.41 | 34.45 |
| 5 | Coml. and Indl. Prefs. (20) | 65.50 | 14.52 | 65.41 | 65.32 | 65.54 | 65.32 | 64.98 | 64.89 | [illegible] | 60.25 | 71.97 | 62.76 | 114.95 | 47.67 |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Overseas Traders | 31/12/74 | 100.00 | Food Manufacturing | 29/12/67 | 114.13 |
| Engineering (Heavy) | 31/12/71 | 153.84 | Food Retailing | 29/12/67 | 114.13 |
| Engineering (General) | 31/12/71 | 153.84 | Insurance Brokers | 29/12/67 | 96.67 |
| Wines and Spirits | 10/1/70 | 100.00 | Mining Finance | 29/12/67 | 100.00 |
| Toys and Games | 16/1/70 | 135.72 | All Other | 10/4/62 | 100.00 |
| Office Equipment | 16/1/70 | 153.74 | | | |
| Industrial Group | 31/12/70 | 128.20 | | | |
| Miscellaneous Financial | 31/12/70 | 128.06 | | | |

† Redemption yield. FT-Actuaries indices are calculated by Exel Communications Limited (a member of the Exchange Telegraph Group) on an ICL 1904 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 20p.

A record of the indices, cost £10, is obtainable from FT Business Enterprises Ltd, Bolt Court, London, EC4, or from all newsagents and subscription dealers, in fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| BP | £1 | 10 | 620 | + 8 | 685 | 575 |
| GEC | 25p | 10 | 156 | + 2 | 168 | 142 |
| Shell Transport | 25p | 10 | 446 | — | 462 | 378 |
| Assoc. P. Cement | £1 | 7 | 158 | + 5 | 202 | 152 |
| Barclays Bank | £1 | 7 | 282 | + 2 | 350 | 265 |
| ICI | £1 | 7 | 364 | — | 402 | 328 |
| Marks & Spencer | 25p | 7 | 92 | − 1 | 108 | 88 |
| Royal Insurance | 25p | 7 | 286 | + 6 | 352 | 266 |
| BICC | 50p | 6 | 119 | + 3 | 130 | 105½ |
| "Bats" | 25p | 6 | 378 | + 3 | 410 | 342 |
| Dunlop | 50p | 6 | 80 | — | 98 | 69 |
| Fisons | £1 | 6 | 375 | + 5 | 417 | 353 |
| Lloyds Bank | £1 | 6 | 220 | + 2 | 266 | 205 |
| London Brick | 25p | 6 | 42½ | − ½ | 64 | 42½ |
| Lonrho | 25p | 6 | 82 | − 3 | 109 | 75 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*

## Option Report—3-month Call Rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 25 | Jun. 8 | Aug. 19 | Sep. 1 |
| Jun. 9 | Jun. 21 | Sep. 2 | Sep. 14 |
| Jun. 22 | July 5 | Sep. 16 | Sep. 28 |

"Calls" were arranged in Burmah Oil, CCH Investments, Newarthill, Grand Metropolitan Warrants, Peachey Property, British Petroleum, Pilkington Brothers, National Westminster Warrants, Anglo Continental, Berry Wiggins, Ladbroke Warrants and British Land. No "puts" were reported, but double options were transacted in Hunting Associated, CCH Investments, Grand Metropolitan Warrants, Pilkington Bros., Rio Tinto-Zinc and Capital and Counties.

| Industrials | | | | | | | |
|---|---|---|---|---|---|---|---|
| A.P. Cement | 15 | Guardian | 18 | Spillers | 4 | Shell | 27 |
| Assoc. Leisure | 5 | G.K.N. | 25 | Tesco | 4 | Ultramar | 14 |
| Barclays Bank | 22 | Hawker Sidd. | 35 | Thorn "A" | 22 | | |
| Beecham | 28 | House of Fraser | 8 | Tube Invest. | 27 | Mines | |
| Boots Drug | 12 | I.C.I. | 20 | Unilever | 38 | Anglo Amer. | 50 |
| Bowaters | 16 | "Imps" | 7 | Utd. Drapery | 8 | Charter Cons. | 15 |
| B.A.T. | 30 | I.C.L. | 14 | Vickers | [illegible] | [illegible] | [illegible] |
| British Leyland | 5 | Inveresk | 7 | Woolworths | [illegible] | [illegible] | [illegible] |
| BOC Int. | 5½ | Legal & General | 12 | | | | |
| Burton "A" | 6½ | Ladbroke | 11 | Property | | | |
| Cadbury's | 5 | Lloyds Bank | 22 | Brit. Land | [illegible] | | |
| Courtaulds | 11 | "Lots" | 4 | Cap. Counties | [illegible] | | |
| Debenhams | 8 | "Mams" | 7 | Intereuropean | [illegible] | | |
| Distillers | 13 | Marks & Sp'ncer | 8 | Land Secs. | [illegible] | | |
| Dunlop | 7½ | Midland Bank | 22 | MEPC | [illegible] | | |
| Eagle Star | 11 | Nat'l West. Bank | 20 | Peachey | [illegible] | | |
| E.M.I. | 17 | "Do" Warrants | 8½ | Samuel Prop. | [illegible] | | |
| Gen. Accident | 12 | P&O Dfd. | 11 | Town & City | [illegible] | | |
| Gen. Electric | 13 | Plessey | 7 | | | Oils | |
| Glaxo | 35 | R.H.M. | 5 | | | Brit. Petroleum | [illegible] |
| Grand Met. | 7 | Rank Org. "A" | 18 | | | Burmah Oil | [illegible] |
| G.U.S. "A" | 16 | Reed Int'l. | 25 | | | | |
| | | Rothmans | 4 | | | | |
| | | Slater Walker | 4 | | | | |

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

**NEW HIGHS (30)**

BRITISH FUNDS (1)
Exchqr. 13¼pc 1996
AMERICANS (2)
Bethlehem Steel  Ingersoll-Rand
BUILDINGS (1)
International Paint
ENGINEERING (2)
Beyer Peacock  Weyburn Engineering
Gardner (L.)
FOODS (3)
Alpine Soft Drinks  Fox's Biscuits
Clifford's Dairies  Manbre & Garton
HOTELS (1)
Adda International
INDUSTRIALS (5)
Dufay Bitumastic  Pullman (R. & J.)
Hay (Norman)  Schlumberger
Letraset
MOTORS (1)
Manchester Garages
PAPERS (1)
Transparent Paper
PROPERTY (1)
Artagen
SHIPPING (1)
Milford Docks
TEXTILES (1)
Scott & Robertson
TRUSTS (1)
G.T. Japan
OVERSEAS TRADERS (1)
Gill and Duffus
TEAS (1)
Peacock Sasini
MINES (3)
Metals Exploration  Tronoh
Poseidon  Yukon Cons.
Ayer Hitam

**NEW LOWS (12)**

BUILDINGS (1)
London Brick
CHEMICALS (1)
Allida Packaging
STORES (1)
Henriques (A.)
FOODS (2)
British Sugar  Mills (A. J.)
Highgate & Job
INDUSTRIALS (1)
Ozalid
MOTORS (1)
Reliant Motor
PROPERTY (1)
Sunley (B.)
TRUSTS (2)
City & Foreign Inv.  New Bridge
Investing in Success

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | [illegible] | [illegible] | [illegible] |
| Corpns. Dominion and Foreign Bonds | [illegible] | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] | [illegible] |
| Financial and Prop. | [illegible] | [illegible] | [illegible] |
| Oils | [illegible] | [illegible] | [illegible] |
| Plantations | [illegible] | [illegible] | [illegible] |
| Mines | [illegible] | [illegible] | [illegible] |
| Recent Issues | [illegible] | [illegible] | [illegible] |
| Totals | [illegible] | 222 | 1,[illegible] |

## MONEY MARKET

# Large assistance

**Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)**

Day-to-day credit was in short supply in the London money market yesterday and the authorities gave a large amount of assistance, by buying a moderate number of Treasury bills from the discount houses and by lending a moderate amount to three or four houses overnight, at Bank of England Minimum Lending Rate. Banks carried forward run-down balances, repayment was made of the previous day's official advances to the market, and there was a net take-up of Treasury bills to finance. On the other hand Government disbursements exceeded revenue payments to the Exchequer and a fall in the note circulation was also in the market's favour.

Discount houses paid around 10-10½ per cent. for secured call loans at the start, but close funds were available at 8-9 per cent.

In the interbank market overnight loans opened at 11-11½ per cent. and were around 10½-11½ for most of the day, but fell sharply at the close to 2-3 per cent.

Short-term fixed period interest rates were slightly lower in general. Discount houses buying rates for three-month Treasury bills eased to 10⅝ per cent., from 10¾ per cent. previously.

Rates in the table below are nominal in some cases.

| June 16 1976 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House deposits | Company deposits | Discount market deposit | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | [illegible] | — | — | — | — | [illegible] | — | — | — |
| 2 days notice | — | — | [illegible] | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | [illegible] | [illegible] | — | — | — | [illegible] | — | — | — |
| One month | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Two months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Three months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Six months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | [illegible] | [illegible] |
| Nine months | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |
| One year | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — | — | — | — | — |

Local authority and finance houses seven days notice, others seven days fixed. Longer-term local authority mortgage rate nominally three years 13-13¼ per cent.; four years 13¼-13½ per cent.; five years 13¾-14 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 10 per cent. from June 1, 1976. Clearing Bank Deposit Rate for small sums at seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.3186 per cent.

## BASE LENDING RATES

Allied Irish Banks Ltd. [illegible]
American Express Bank [illegible]
Anglo-Portuguese [illegible]
Henry Ansbacher [illegible]
Banco de Bilbao [illegible]
Banco de Jerez [illegible]
Bank of Cyprus [illegible]
Bank of N.S.W. [illegible]
Banque du Rhone S.A. [illegible]
Barclays Bank [illegible]
Barnett Christie Ltd. [illegible]
Bremar Holdings [illegible]
Brit. Bank of Mid. East [illegible]
■ Brown Shipley [illegible]
Canada Permanent AFI [illegible]
Cayzer, Bowater Co. Ltd. [illegible]
Cedar Holdings [illegible]
■ Charterhouse Japhet [illegible]
C. E. Coates [illegible]
Consolidated Credits [illegible]
Co-operative Bank [illegible]
Corinthian Securities [illegible]
Credit Lyonnais [illegible]
G. R. Dawes [illegible]
Duboff Brothers [illegible]
Duncan Lawrie [illegible]
English Transcont. [illegible]
First London Secs. [illegible]
■ Antony Gibbs [illegible]
Goode Durrant Trust [illegible]
Greyhound Guaranty [illegible]
Grindlays Bank [illegible]
■ Guinness Mahon [illegible]
■ Hambros Bank [illegible]
Hawtin & Partners [illegible]
■ Hill Samuel [illegible]
C. Hoare & Co. [illegible]
Julian S. Hodge [illegible]
Hongkong & Shanghai [illegible]
Industrial Bank of Scot. [illegible]
Keyser Ullmann [illegible]
Knowsley & Co. Ltd. [illegible]
Lloyds Bank [illegible]
London & European [illegible]
London Mercantile [illegible]
Midland Bank [illegible]
■ Samuel Montagu [illegible]
■ Morgan Grenfell [illegible]
National Westminster [illegible]
Northern Comm. Trust [illegible]
Norwich General Trust [illegible]
Portman Guaranty [illegible]
P. S. Refson & Co. [illegible]
Rossminster Accept'cs [illegible]
Schlesinger Limited [illegible]
E. S. Schwab [illegible]
Security Trust Co. Ltd. [illegible]
Shenley Trust [illegible]
Standard Chartered [illegible]
Trade Development Bk. [illegible]
Twentieth Century Bk. [illegible]
United Bank of Kuwait [illegible]
Whiteaway Laidlaw [illegible]
Williams & Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.
* 7-day deposits [illegible] per cent., 1-month deposits [illegible] per cent.
† 7-day deposits on sums of £10,000 and under [illegible]%, up to £25,000 [illegible]% and over £25,000 [illegible]%.
‡ Call deposits over £1,000 [illegible]%.
§ Demand deposits [illegible]%.

CORAL INDEX
Close 381-386

## INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]
† Address shown under Insurance and Property Bond table.

# AUTHORISED UNIT TRUSTS

[illegible]

# INSURANCE, PROPERTY, BONDS

[illegible]

# OFFSHORE AND OVERSEAS FUNDS

[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross, St. Helier, Jsy. CI 0534 73741

| | | | | |
|---|---|---|---|---|
| CMF Ltd. May 27 | \$US9.81 | 10.07 | ..... | — |
| CMT Ltd. May 27 | £9.31 | 9.55 | ..... | — |
| Metals Tst. May 20 | £12.49 | 12.80 | ..... | — |
| TMT June 10 | \$US10.86 | 11.05 | ..... | — |
| TMT Ltd. June 10 | £11.14 | 11.42 | ..... | — |

World Wide Growth Management♦

10a, Boulevard Royal, Luxembourg.

| | | | | |
|---|---|---|---|---|
| Wrld Wide Gth Fn | \$US12.15 | | +0.04 | — |

## NOTES

Prices do not include \$ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey yield. # Suspended. ‡ Single premium insurance bonds.

## REGIONAL MARKETS

...selection of the share prices previously shown under regional headings is ...nted below with quotations on London. Irish issues, most of which are not ...ally listed in London, are shown separately and with prices as on the Irish ...nge.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | IRISH | | | |
| ...ry Inv. 20p | 18 | ...... | Higsons Brew. | 93 | ...... | Conv. 9% '80/82 | £86¼ | +¼ | |
| ...pinning | 34xd | ...... | I.O.M. Stm. £1 | 133 | ...... | Alliance Gas | 54 | ...... | |
| ...n | 23 | ...... | Holt (Jos.) 25p | 235 | ...... | Arnott | 219½ | ...... | |
| ...tr. Est. 50p | 135 | ...... | Kleeneze | 28 | ...... | Carroll (P.J.) | 110 | ...... | |
| ...r Croft | 30 | ...... | Lovell's Ship £1 | 100 | ...... | Clondalkin | 47 | ...... | |
| ...& Rose £1 | 350 | ...... | N'thn. Goldsmith | 86xd | ...... | Concrete Prods. | 95 | ...... | |
| ...(R.A.) | 18 | ...... | P.M.A. | 43 | ...... | Heiton (Hldgs.) | 23 | ...... | |
| ...& McHdy. | 69 | ...... | Pearce (C. H.) | 80 | ...... | Ind. News | 40 | ...... | |
| ...Fr'k 10p | 23 | ...... | Peel Mills | 14 | ...... | Ins. Corp. | 160 | ...... | |
| ...d. | 12 | ...... | RobbCaledonSh. | 30 | ...... | Irish Distillers | 53 | ...... | |
| ...orge | 45 | ...... | Sayers 12½p | 14 | ...... | Irish Ropes | 92 | ...... | |
| ...Pkg. 5p | 16½ | ...... | Sheffield Brick | 85 | ...... | Jacob | 64 | +2 | |
| ...Reed 30p | 152 | ...... | Sheff. Refrshmt. | 140 | ...... | Sunbeam | 12 | ...... | |
| ...Ship £1 | 315 | ...... | Shiloh Spinn. | 25 | +1 | T.M.G. | 92½ | ...... | |
| ...Sleigh 10p | 8 | ...... | Sindall (Wm.) | 50 | ...... | Unidare | 70 | ...... | |

## LEADERS AND LAGGARDS

The following table shows the percentage changes* which have taken place since December 31, 1975, in the principal equity sections of the F.T.-Actuaries Share Indices. It also contains the F.T. Gold Mines Index.

| | | | |
|---|---|---|---|
| ... | + 21.83 | Breweries | − 8.43 |
| ...s | + 19.88 | Coppers | − 0.91 |
| ... | + 16.17 | Mining Finance | − 1.49 |
| ...nd Games | + 16.03 | Household Goods | − 1.68 |
| ...ers (Brokers) | + 14.32 | Consumer Goods (Non-Durable) Group | − 1.78 |
| ...and Distributors | + 11.22 | | |
| ... | + 11.14 | Stores | − 3.78 |
| ...Equipment | + 12.86 | Packaging and Paper | − 3.85 |
| ...air | + 4.18 | Food Retailing | − 5.74 |
| ...e Tools | + 7.98 | Entertainment and Catering | − 7.26 |
| ...ering (General) | + 7.82 | Insurance (Life) | − 7.87 |
| ...ering (Heavy) | + 7.42 | Banks | − 8.18 |
| ...als | + 6.25 | Building Materials | − 8.30 |
| ...er Goods (Durable) Group | + 3.69 | Textiles | − 2.59 |
| ...s Traders | + 2.85 | Financial Group | − 2.62 |
| ...re Index | + 2.88 | Insurance (Composite) | − 10.26 |
| ...pers and Publishing | + 2.60 | Hire Purchase | − 11.23 |
| ...Manufacturing | + 2.26 | Investment Trusts | − 11.35 |
| ...and Spirits | + 2.08 | Property | − 12.68 |
| ...s | + 1.75 | Discount Houses | − 12.81 |
| ...s | + 1.39 | Merchant Banks, Issuing Houses | − 15.11 |
| ...ial Group | + 1.32 | Gold Mines F.T. | − 19.75 |
| ...Goods Group | + 1.14 | Contracting and Construction | − 20.15 |
| ...nics, Radio and TV | + 1.81 | | |
| ...e Index | − 0.12 | | |

* Percentage changes based on Tuesday, June 15, 1976, indices.

# FT SHARE INFORMATION SERVICE

## **BRITISH FUNDS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| 99 | 92 | Treasury 6½pc 1976‡‡ | 99 | | 6.55 | 11.04 |
| 98½ | 95⅝ | Victory 4pc 1976‡‡ | 98⅝ | | 4.04 | — |
| 101 | 99 | Treasury 10½pc 1976‡‡ | 100xd | + | 10.49 | 10.33 |
| 98 | 95 | Treasury 6¼pc 1977‡‡ | 97½ | + | 6.43 | 10.36 |
| 97¼ | 94½ | Electric 3pc 74-77 | 95¾ | | 3.13 | 8.99 |
| 103 | 92 | Treasury 11½pc '77‡‡ | 100⅞ | + | 11.46 | 11.07 |
| 94 | 92 | Treasury 3pc '77‡‡ | 94 | | 3.18 | 7.28 |
| 95 | 92¼ | Transport 4pc '72-77 | 95 | | 4.20 | 7.42 |
| 99 | 90½ | Treasury 9pc 1978‡‡ | 96 | +⅛ | 9.32 | 11.18 |
| 101½ | 97 | Treasury 10½pc '78‡‡ | 99 | + | 10.59 | 10.99 |
| 93½ | 89⅝ | Exchequer 5pc '76-78‡‡ | 92 | | 5.43 | 8.93 |
| 103 | 97⅞ | Treasury 11½pc '79‡‡ | 100 | + | 11.48 | 11.38 |
| 88½ | 83½ | Treasury 3pc '79‡‡ | 87¼ | +⅛ | 3.44 | 7.42 |
| 89½ | 73⅞ | Electric 4¼pc 74-79 | 88¼ | +⅛ | 4.82 | 8.36 |
| 100 | 94 | Treasury 10½pc '79‡‡ | 97⅞ | + | 10.78 | 11.42 |
| 88¼ | 83⅝ | Electric 3½pc 76-79 | 87½ | +¼ | 4.00 | 7.73 |
| 95 | 90½ | Treasury 9pc 1980‡‡ | 92 | + | 9.70 | 11.44 |
| 96½ | 91 | Treasury 9½pc '80‡‡ | 93 | + | 10.67 | 11.62 |
| 86 | 83¼ | Treasury 3½pc '77-80 | 85½ | +⅛ | 4.10 | 7.83 |
| 88½ | 71 | Funding 5¼pc '78-80‡‡ | 88⅜xd | +¼ | 5.94 | 8.76 |
| 103 | 96 | Treasury 11½pc 1981 | 99 | +⅛ | 11.59 | 11.73 |
| 80 | 79 | Treasury 3½pc 1979-81 | 81¾ | | 4.28 | 8.29 |
| 95⅝ | 90½ | Treasury 9¾pc 1981‡‡ | 92 | + | 10.58 | 11.92 |
| Five to Fifteen Years | | | | | | |
| 94½ | 86 | Treasury 8¼pc 80-82‡‡ | 87xd | +¼ | 9.66 | 11.47 |
| 107¼ | 99 | Treasury 12pc 1983‡‡ | 101⅞ | +⅜ | 12.14 | 12.24 |
| 81 | 73¼ | Funding 5½pc 82-84‡‡ | 76½xd | +¼ | 7.15 | 9.90 |
| 87 | 79 | Treasury 8½pc '84-86‡‡ | 81xd | +¼ | 10.36 | 11.57 |
| 74 | 67 | Funding 6½pc '85-87‡‡ | 69½ | +¼ | 9.47 | 11.65 |
| 77 | 71 | Treasury 7¾pc '85-88‡‡ | 75 | +¼ | 10.71 | 12.27 |
| 51 | 45 | Transport 3pc '78-88 | 48⅝xd | +¼ | 6.15 | 10.65 |
| 59¼ | 52 | Treasury 5pc '86-89 | 55¼ | +⅜ | 9.19 | 11.90 |
| 103 | 95¼ | Treasury 13pc 1990‡‡ | 95xd | +⅜ | 13.45 | 13.60 |
| 75 | 68 | Treasury 8¼pc 87-90‡‡ | 70½xd | +¼ | 11.77 | 12.93 |
| 60 | 52 | Funding 5¾pc '87-91‡‡ | 55½xd | +⅜ | 10.58 | 12.64 |
| Over Fifteen Years | | | | | | |
| 100½ | 87 | Treasury 12¼pc '92‡‡ | 92xd | +⅜ | 13.68 | 13.83 |
| 96½ | 85 | Treasury 12½pc '93‡‡ | 89¾xd | +⅜ | 13.78 | 13.95 |
| 55 | 50⅝ | Funding 6pc 1993‡‡ | 53¼ | +⅜ | 11.60 | 13.12 |
| 75 | 66 | Treasury 9pc '94‡‡ | 69½ | +½ | 13.09 | 13.67 |
| 36½ | 32 | Gas 3pc '90-95 | 33⅝ | +¼ | 9.02 | 12.02 |
| 100 | 87 | Treasury 12¾pc '95‡‡ | 92⅛ | +⅜ | 14.02 | 14.10 |
| 75 | 66 | Treasury 9pc 92-96‡‡ | 69¾ | +⅜ | 13.35 | 13.84 |
| 94½ | 93 | Exchequer 13¼pc '96‡‡ | 94⅛ | +⅛ | 14.11 | 14.18 |
| 35 | 31 | Redemption 3pc 1986-96 | 33½ | +¼ | 9.16 | 11.78 |
| 102½ | 88 | Treasury 13¼pc '97‡‡ | 92⅞xd | +⅜ | 14.07 | 14.14 |
| 70¼ | 64 | Treasury 8¾pc 1997‡‡ | 67⅝ | +⅜ | 13.45 | 13.89 |
| 57 | 50⅛ | Treasury 6¾pc '95-98‡‡ | 52¾ | +⅜ | 13.01 | 13.73 |
| 76 | 65 | Treasury 9½pc 1999‡‡ | 69xd | +⅜ | 13.62 | 13.93 |
| 31 | 27¼ | Funding 3½pc 99-04 | 28⅝ | +¼ | 12.12 | 13.07 |
| 65 | 55¼ | Treasury 8pc '02-06‡‡ | 59¾ | +½ | 13.76 | 13.91 |
| 46 | 39 | Treasury 5½pc '08-12‡‡ | 42 | +⅜ | 13.58 | 13.72 |
| 60 | 52 | Treasury 7¾pc '12-15‡‡ | 58¾ | +⅜ | 13.91 | 13.96 |
| Undated | | | | | | |
| 30 | 25 | Consols 4pc | 29⅜ | +⅛ | 14.35 | — |
| 27 | 24 | War Loan 3½pc‡‡ | 25¾xd | +⅛ | 13.67 | — |
| 28 | 25¼ | Conv. 3½pc '61 Aft. | 27½ | +⅛ | 13.26 | — |
| 22¼ | 20⅝ | Treasury 3pc '66 Aft. | 21½ | +⅛ | 14.35 | — |
| 19 | 17 | Consols 2½pc | 17⅞xd | +⅛ | 13.89 | — |
| 19½ | 16 | Treasury 2½pc | 17⅞ | +⅛ | 14.41 | — |

## **INTERNATIONAL BANK

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 99¾ | 95¼ | 8pc Stock 1976 | 99 | | 8.02 | 9.85 |
| 75 | 66½ | 5pc Stock '77-82 | 72¾ | | 7.03 | 11.69 |

## **CORPORATION LOANS

[illegible]

## COMMONWEALTH & AFRICAN LOANS

[illegible]

## LOANS (Miscel.)

[illegible]

## FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

## AMERICANS

[illegible]

S.E. List Premium 50¾% (based on $1.7885 per £)

Conversion factor 0.6635 (0.6704)

## CANADIANS

[illegible]

S.E. List Premium 50¾% (based on $1.7370 per £)

## BANKS AND HIRE PURCHASE

[illegible]

## Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

## BUILDING INDUSTRY—Continued

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CINEMAS, THEATRES AND TV

[illegible]

## DRAPERY AND STORES

[illegible]

## DRAPERY AND STORES—Continued

[illegible]

## ELECTRICAL AND RADIO

[illegible]

## ENGINEERING, MACHINE TOOLS

[illegible]

## ENGINEERING—Continued

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## HOTELS AND CATERERS

[illegible]

## HOTELS—Continued

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

## MINES—Continued

### FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 350 | Blyvoor 25 | 540 | −40 | Q75c | Φ | 8.4 |
| £14 | 785 | Buffels R1 | 950xd | −180 | Q125c | Φ | 7.8 |
| 198 | 95 | Deelkraal R0.20 | 150 | −4 | — | — | — |
| 760 | 350 | Doornfontein R1 | 470 | −30 | Q55c | Φ | 7.1 |
| 965 | 640 | East Drie R1 | 845 | −35 | Q75c | 1.7 | 5.3 |
| 280 | 160 | Elandsrand Gld 20c | 225 | −15 | — | — | — |
| 190 | 112 | Elsburg R1 | 132 | −6 | ‡Q53½c | 1.0 | ‡ |
| £16½ | £11¼ | Hartebeest R1 | £15¼ | −¼ | Q190c | Φ | 7.6 |
| 695 | 420 | Kloof Gold R1 | 530 | −40 | Q47c | Φ | 5.3 |
| 760 | 400 | Libanon R1 | 500 | −10 | Q80c | Φ | 9.4 |
| 740 | 335 | Southvaal 50c | 615 | −25 | Q8c | 1.3 | 0.8 |
| 245 | 140 | Stilfontein 50c | 192xd | −8 | ‡Q36c | 2.2 | ‡ |
| £20½ | £13¼ | Vaal Reefs 50c | £16¾ | −¾ | ‡Q175c | 2.1 | ‡ |
| 420 | 175 | Venterspost R1 | 210 | −15 | ‡Q70c | 1.9 | ‡ |
| £35 | £19¾ | W. Drie R1 | £26½ | −¾ | Q335c | Φ | 7.6 |
| 315 | 165 | Western Areas R1 | 200 | −10 | ‡Q52c | 1.4 | ‡ |
| £15¼ | 790 | Western Deep R2 | £10¼ | −¾ | ‡Q57c | 1.6 | ‡ |
| 290 | 190 | Zandpan R1 | 255 | −15 | Q31¼c | Φ | 7.5 |

### O.F.S.

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 75 | Free State Dev. 50c | 115 | −5 | Q14c | 1.5 | 7.2 |
| £22½ | £12 | F.S. Geduld 50c | £15 | −¼ | ‡Q330c | 1.3 | ‡ |
| 200 | 57 | F.S. Saaiplaas R1 | 175 | −10 | 26c | Φ | 2.0 |
| 465 | 295 | Harmony 50c | 400 | −30 | Q65c | Φ | 9.6 |
| 195 | 70 | Loraine R1 | 124 | −10 | Q6c | 0.5 | 2.9 |
| £18½ | 950 | Pres. Brand 50c | £14½ | −½ | ‡Q250c | 1.3 | ‡ |
| £13 | 700 | Pres. Steyn 50c | 860 | −25 | ‡Q125c | 2.2 | ‡ |
| £23 | £12 | St. Helena R1 | £15½ | −½ | ‡Q250c | 1.2 | ‡ |
| 174 | 86 | Unisel | 124 | −2 | — | — | — |
| 330 | 220 | Welkom 50c | 275 | −5 | ‡Q55c | 1.7 | ‡ |
| £25½ | £14 | W. Holdings 50c | £20¾ | −¼ | ‡Q475c | 1.2 | ‡ |

### FINANCE

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 535 | 315 | Ang. Am. Coal 50c | 490 | −45 | MQ38c | 2.8 | 4.6 |
| 375 | 235 | Ang. Amer. 10c | 300 | −18 | Q35c | 1.9 | 6.5 |
| £28¾ | £17¾ | Ang. Am. Gold R1 | £23 | −1 | ‡Q260c | 1.3 | ‡ |
| £13¾ | 850 | Ang-Vaal 50c | £12¼ | −½ | Q105c | Φ | 5.0 |
| 199 | 118 | Charter Cons. | 160xd | −2 | 6.76 | Φ | 6.5 |
| 220 | 146 | Cons. Gold Fields | 179 | −3 | g7.37 | 4.3 | 6.3 |
| 23½ | 15 | East Rand Con. 10p | 17 | ..... | 1.0 | Φ | 9.0 |
| 330 | 185 | Geduld Inv. R1 | 280 | −10 | Q40c | 1.5 | 8.5 |
| £25 | £15½ | Gen. Mining R2 | £19 | −½ | Q210c | 2.1 | 6.5 |
| £22½ | £14½ | Gold Fields S.A. 25c | £19 | −½ | Q225c | 1.3 | 7.0 |
| £24 | £11½ | Jo'burg Cons. R2 | £18⅛ | −⅝ | Q165c | 2.5 | 5.4 |
| 380 | 200 | Middle Wit 25c | 330 | −20 | Q35c | Φ | 6.4 |
| 250 | 168 | Minorco SB.D1.40 | 240 | +20 | ‡Q14c | — | ‡ |
| 160 | 85 | New Wit 50c | 120 | −5 | Q20c | 1.6 | 9.9 |
| £12¾ | 770 | Patino NV Fls.5 | £12 | ..... | QC40c | 10.5 | 1.1 |
| 810 | 480 | Rand Selection 50c | 575 | −15 | ‡Q75c | 1.5 | ‡ |

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 455 | 245 | Northgate C$1 | 365 | +5 | Q25c | 0.3 | 3.6 |
| 259 | 178 | R.T.Z. | 225 | −1 | 5.42 | 2.1 | 3.7 |
| 112 | 84 | Sabina Inds. C$1 | 93 | +8 | — | — | — |
| £15⅞ | £10 | Tara Expln. $1 | £15 | −⅞ | — | — | — |
| 85 | 65 | Tehidy Minerals 10p | 80xd | ..... | 2.17 | Φ | 4.2 |
| 135 | 84 | Yukon Cons. C$1 | 135 | +5 | — | — | — |

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- Φ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1975 profits.
- f Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 25

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES

Thursday June 17 1976



# Rolls-Royce Motors buys diesel stake

BY MARGARET REID

A LARGE SHARE stake in L. Gardner and Sons, the Manchester diesel engine concern, has been bought by Rolls-Royce Motors, which has diesel engine and car interests, and wants to discuss the possibility of a full take-over.

Following talks between the two companies over the past year with an eye to closer co-operation in manufacturing and selling, Rolls-Royce Motors disclosed yesterday that it had built up a 16.72 per cent. holding in Gardner for some £710,000.

The two concerns between them account for 40 per cent. to 50 per cent. of British output of more highly powered diesel engines of the kind used in heavy commercial vehicles. The bulk of the rest of total production is accounted for by Cummins Engine, the U.S.-controlled group.

A statement yesterday by Rolls-Royce Motors referred to the earlier industrial talks with Gardner and said: "The two companies have recognised that they have a strong community of interest in that they are the two remaining independent British-owned manufacturers of diesel engines in the higher automotive ranges.

"Further discussions will take place; these are likely to include discussion of the advantages to be obtained from a full merger, but other possibilities may also be discussed."

Yesterday no comment on the situation was available from Gardner, whose chairman is Mr. George Flint. Indications are that the Rolls-Royce share acquisition was known to the company only on Tuesday, the day before it was announced.

## Consultation

The Gardner Board appears likely to consult its financial advisers, London and Yorkshire Trust, before giving its views.

The stake accumulated by Rolls-Royce Motors, whose chairman is Mr. Ian Fraser, also deputy chairman of Lazard Brothers, the City merchant bank, is believed to have been built up in the last few weeks.

The motor group said that the shares, which were acquired through the market, having been offered on behalf of sellers, were purchased at an average price of 98.32p a share.

Last night Gardner shares, 95p a month ago, closed 6p up at 126p, reflecting hopes of an ultimate bid or further purchases by Rolls-Royce Motors. Earlier this year they stood as low as 74p.

Mr. David Plastow, managing director of Rolls-Royce Motors, asked yesterday when he expected further talks with Gardner, replied: "That will depend on events over the next few weeks. They will want to consider their position carefully and so will we."

Diesel engines accounted for £20.4m. of Rolls-Royce Motors' £79.7m. turnover in 1975, but only about half this represented output for the vehicle industry. The rest was industrial engines. Diesels produced £2.4m. of the group's £7.6m. trading profit.

Gardner's turnover was £12.7m. in 1975, against £8.8m. the previous year, while its pre-tax profits fell to £753,000 from £854,000. The company's latest accounts show the Board as holding only 645,696 of the 4.32m. shares, the largest holders being Mr. J. K. Gardner and Mr. J. P. Gardner. Other members of the Gardner family probably, however, have considerable further holdings.

An unexpected link, Page 20

# Murder of U.S. envoy hits peace attempts

BY OUR OWN CORRESPONDENT

THE BODIES of Mr. Francis Meloy, the recently-appointed U.S. Ambassador to Lebanon, Mr. Robert Waring, the U.S. economi attaché, and their Lebanese driver, have been recovered from a sand dune in the residential area of Ramlat al Baida, which overlooks the Beirut coast.

The news that the Ambassador and his aides have been killed, by unknown assailants, had a sharp impact on the situation here, and possibly harmed the Lebanese peace attempts, which had begun to look much more hopeful during the past two days.

## Frustration

Jurek Martin, U.S. Editor, writes from Washington: The reaction here was one of fury and frustration. President Ford met senior diplomatic and military advisers at the White House at mid-day and this afternoon denounced the assassinations as an act of senseless, outrageous brutality.

Mr. Ford himself said that he had ordered Dr. Kissinger, the Secretary of State, to contact all governments in hte area and, with the Lebanese leaders, to help identify the murderers and to see that they are brought to justice.

In spite of his obvious anger, Mr. Ford added that "The United States will not be deterred from its search for peace by these murders." It was disclosed that he woul dshortly be naming a new ambassador to serve in Beirut.

Earlier the President had summened his National Security Council, including Dr. Kissinger, Mr. George Bush, the CIA director, and Mr. William Clements, the Deputy Defence Secretary.

The meeting agreed to take a fresh look at contingency plans for the evacuation of American diplomatic and private citizens in Beirut, numbering about 1,400.

There had been reports this morning that American aircraft were being flown to the British base at Akrotiri in Cyprus, but according to the State Department, this appears to be part of the process stepped up last week in the light of the deteriorating situation in Beirut.

The U.S. Sixth Fleet, based in the Mediterranean is understood to be close enough to Beirut to assist in any evacuation deemed necessary.

Peace hopes, Page 5

THE LEX COLUMN

# Overseas strength at Guinness

Guinness was originally expecting current year profits to be roughly unchanged at around £29.1m. But with an interim rise of £3.8m. to £14.8m. under its belt, it now says that the year's figure will certainly pass the £30m. mark—and that looks a very safe bet given a noticeable seasonal bias in favour of the current half.

The key to this acceleration lies in the associates, with Nigeria largely responsible for a £2m. rise to £3.2m., and in the overseas subsidiaries generally, where brewing has accounted for around three-fifths of a £2.1m. rise in pre-interest profits to £5m. Nigeria will be less buoyant from now on, since costs are biting into the price increase put through around 18 months ago, and the overall rate of profits growth overseas is not going to be maintained. At the same time, the Irish Republic will be pressed to maintain a first half profits improvement. Tax and price increases have pushed the cost of a pint up by about a third since the beginning of 1976, and knocked volume back a tenth in the process.

However this setback is probably not as bad as first seemed possible. And in the U.K. volume and profits from brewing may now be stabilising after a first half decline, while promotion costs may be less of a drag on the Harp associate over the rest of the year. Some of the non-brewing activities are also doing better, and currency gains—worth roughly £½m. so far—will be increased by an 8 per cent. decline in the pound since the half year.

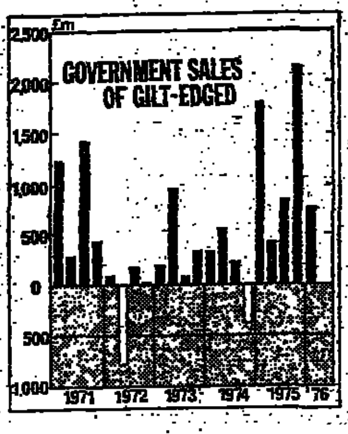
Profits over the last 12 months amount to nearly £33m. pre-tax. On this kind of figure, the p/e at 135p is around 7, while the prospective yield is just over 7 per cent.

See also Page 23

## Bank of England

The Bank of England in its June Bulletin is noticeably less confident about monetary developments than it was in the March issue. Then it was optimistic about the Government's chances of achieving its 10 per cent. inflation target by the end of the year, it was mooting a 5 per cent. target for 1977, and it was discussing the chances of further declines in interest rates. Now the Bank is talking about the need for budgetary restraints, which must reflect

**Index rose 3.5 to 385.0**




its concern that the public sector borrowing requirement may be too large to be financed in a way that does not involve excessive monetary expansion. A large private sector surplus, the Bank warns, does not mean that the demand for Government debt must also be large. Nevertheless it maintains that continuing large sales of gilt-edged "should be possible" so long as there continue to be good prospects that the rate of inflation can be progressively reduced.

In the March quarter net sales of gilts reached the fairly modest level of £768m., largely in January. Gross sales were substantially larger, but redemptions and repurchases of near-dated stock amounted to £600m., a reminder of the scale of the refinancing problem faced by the authorities. Unfortunately the current quarter has also been fairly quiet—with sales, at a guess, of around £800m. so far without taking redemptions into account. The long tap became operative yesterday, but only on a tiny scale. If the Bank is to get anywhere near repeating the £4.14bn. gilt-edged net sales total for the 1975-76 financial year it will need at least one very large sales quarter. And it may well be that even greater gilt sales will be required this year.

If the undisclosed upper limit for money supply growth for 1976-77 is taken to be 12 per cent., that would correspond to a rise in M3 of some £5bn., o. £2bn. more than last year. But the PSBR is projected to rise by £1.5bn. and it would be surprising if bank lending to the private sector, unchanged last year, were to rise by less than £1bn. in the context of economic upturn. These factors would more than account for the permissible increase. External items have been serving to hold down money supply growth, but would scarcely be healthy to rely even more on this source—domestic credit expansion, which includes external finance, accelerated sharply in the March quarter on a seasonally adjusted basis. So the pressure is on sales of public sector debt to the non-bank private sector, totalling £5.3bn. in 1975-76. This explains, for instance, the vast size of the Treasury bill issue—domestic non-bank holders have mopped up £800m. In the last year the Bank's financial task may well prove impossible: hence its warning that fiscal action may be needed to reduce the public sector deficit.

## Land Securities

Land Securities reckons that the aggregate value of its portfolio in current market conditions shows a small increase over the March 1975 valuation, and its preliminary balance sheet confirms that its liquidity position has been transformed. Property sales of £95½m. (a small surplus over the book values) together with the £2... rights issue has boosted the short term position by £70m., and there is now £... cash in the bank. The $... U.S. loan remains a running sore: it required a £7.7m. provision last year, and would need over £3m. more at current rates. But this is the only short-term liability, and the group now has no exposure to U.K. interest rates.

Moreover having spent £40m. on properties last year, capital commitments are likely to be down from the £61m. disclosed last year, so it is a good bet that the main property programme is over. Meanwhile a more conservative treatment of development properties has taken £2.2m. out of published profits, which are £2m. higher at £17.6m. pre-tax. All this seems to have been broadly in line with market expectations: the shares were unchanged yesterday at 154p, which compares with published net assets of 223p per share and gives a yield of 4.4 per cent.

See also Page 24

# Private sector steel chief challenges BSC strategy

BY ROY HODSON

THE BRITISH STEEL Corporation's plans to concentrate production on a few multi-million-ton integrated coastal steelworks were challenged yesterday by Mr. Alec Mortimer, director general of the British Independent Steel Producers' Association, which represents the private steelmaking sector.

He claimed that the best way for BSC to develop would be with a mixture of integrated works and modern "mini-mills" sited round the country.

He was giving evidence to the Commons Select Committee on Nationalised Industries, which is inquiring into the British Steel Corporation.

BISPA made out a strong case for the development of more mini-mills in Britain. The private sector has already built six British "mini-mills," and it is a style of steelmaking that is increasing on the Continent. A standard pattern mini-mill, making several hundred thousand tons a year, melts scrap steel or specially reduced iron ore in an electric furnace, and processes the steel through a continuous casting plant.

When Mr. Selwyn Williams was questioned about the independents' growing need for scrap steel to supply the mini-mills he claimed that BSC was less concerned about what was going into the "mini-mills" than what was coming out in the form of products competitive with BSC's own products.

Mr. Williams said there was a fast growing "grey" area of steel products which could be produced with equal facility by both the private and the public steel sectors as a result of mini-mill technology being developed by private companies.

Mr. Mortimer said that if the BSC was increasing its steel output to sell more abroad then, in his view, the investment in the new plants would not be worthwhile. There would have to be a dramatic increase in BSC's productivity compared with that of other world steel producers if BSC hoped to compete in world markets.

Mr. Mortimer said that if the BSC could not supply the semi-finished steel the private companies needed the private sector was big enough and strong enough to invest in new steelmaking capacity to makes its own supplies.

The current investment programme being undertaken by private British steel companies will almost double their steelmaking capacity to some 5m. tons a year.

Mr. Mortimer estimated that the average return upon capital earned by the private steel companies in Britain during the financial year 1975-76 had been about 10 per cent. Due to the recession, he said, profits had been well down upon the previous financial year, when a return of 30 per cent. had been achieved.

During the six years between the nationalisation of the greater part of the steel industry in 1967 and 1973 the private sector companies had enjoyed a return upon capital of between 11 per cent. and 16 per cent.

BISPA is to supply written information to the Select Committee on the relative productivity of different types of steelworks and the rates of return on capital being earned by steel plants in various countries.

There was no reason, said Mr. Mortimer, why mini-mills should be exclusive to the private sector. They would have great advantages for BSC, because they could be installed quickly while the big coastal plants at the core of the BSC strategy required a long "lead" time to plan, build, and bring into production.

# Group's dollar loan costs another £7.7m.

BY MARGARET REID

Land Securities Investment Trust, the large property company headed by Lord Samuel of Wych Cross, has deducted £7.7m. from its 1975-1976 profits to cover the loss which it faces because an $80m. (£45m.) loan has become costlier to repay as a result of the pound's fall.

The loan, repayable in 1979, was raised in February, 1974, at the height of the money squeeze during the property and secondary banking upheaval, because British banks had been asked not to lend money in sterling for property purposes. Cash was needed for property developments which the group had under way at the time, the group said yesterday. It is not balanced by overseas assets.

The deduction from profits represented the unrealised loss on the loan at the end of the company's financial year—March 31, 1976, when the pound was worth $1.9160. Last night, sterling was at $1.7755. The company said it would deal with any further loss, if and as it proved necessary, at balance-sheet dates in future.

The group's results show that 1975-76 income available for distribution was £9.5m.—little changed from the previous year's £9.4m.

# EEC minors go to Puerto Rico

BY ROBIN REEVES

STRASBOURG, June 16.

THE EUROPEAN Community will be formally represented at the Puerto Rico economic Summit if a mandate hammered out by senior officials of the Nine in Luxembourg to-day is accepted by EEC nations in the next 24 hours.

M. Gaston Thorn, Luxembourg's Prime Minister and presiding chairman of the Common Market Council of Ministers, and M. Francois Ortoli, the Brussels Commission president, will attend, along with other Western leaders, to speak, where possible, on behalf of the Community.

The Puerto Rico talks, at President Ford's invitation, take place on June 27 and 28. Britain is to be represented by its Prime Minister, Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Anthony Crosland, Foreign Secretary.

To-day's Luxembourg move was the outcome of bitter complaints by the EEC's smaller members, which surfaced strongly at last week's informal meeting of EEC Foreign Ministers. They protested that Britain, France, Italy and West Germany, in accepting the U.S. invitation to attend this follow-up meeting to last November's Rambouillet Summit, were ignoring the EEC's economic dimension and going back on the prior-consultation undertaking given after that meeting.

One official here to-day described the problem from small EEC countries' point of view as tantamount to the Community accepting Britain's demand for a separate seat at the Paris north-south dialogue, writ large.

Details of to-day's Luxembourg agreement aimed at smoothing the ruffled feathers of Belgium, Denmark and the Netherlands, in particular, were sparse. But it seems that Messrs. Thorn and Ortoli, if the agreement is blessed in national capitals, will not have to tout for invitation to go to Puerto Rico. The big four will simply inform President Ford that they wish to bring the two along.

The U.S. has evidently indicated already that it would have no objection to a formula that avoids embarrassment over the absence of invitations to middle-rank economic powers, such as Sweden for example.

Other EEC news, Page 7

# Govan likely to need more State cash

BY OUR GLASGOW CORRESPONDENT

GOVAN SHIPBUILDERS, the State-owned Upper Clyde yard, is likely to have to seek more Government aid within a year after losing nearly £9.5m. last year, nearly double the previous loss.

Only £12.5m. now remains of the £59.2m. public money committed since its launch in 1972. Half of that is earmarked for the £25m. development programme at the Govan and Scotstoun yards.

The £59.2m. was intended to last Govan until the end of 1979, by when it was expected to be viable. The company was warned by the Department of Industry that support for it was conditional on improvements in productivity, observance by employees of a working agreement, and the company took on no contracts which did not have the Government's approval.

Mr. Archie Gilchrist, managing director, described the £9.5m. loss in Glasgow yesterday as "very serious." At the end of 1975 £17.5m. remained of the £59.2m. committed in two tranches, one of £35m. when the company was formed from the bankrupt Upper Clyde Shipbuilders, and the second slice last August.

Since last year, under more stringent monitoring procedures, Govan has been required to submit six-monthly assessments of productivity to the Industry Department. Mr. Gilchrist said the first assessment, at the end of last year, showed some improvement, and the second to be submitted shortly would show similar results.

Given that up to £10m remains to be spent on redevelopment, and that estimated losses on present contracts are £12m., excluding potential deficits on a recent cut-price £50m. order from Kuwait, it seems likely the Government may have to find a further £20m. to £30m. to bolster Govan and its 5,500 jobs to the end of 1979.

That would involve a total expenditure of between £79m. to £89m. in seven years, to which must be added the £40m. spent during the three ill-fated years of UCS.

## Realistic

Mr. Gilchrist remained optimistic about the company's future in the international market. Productivity, while lagging some two years the improvement recommended in the Hill Samuel report which preceded the company's formation, was up by more than two-thirds on 1972, although it would have to double by the end of next year to bring the yard into the top league of European yards.

He agreed that, although losses were expected to fall slightly in 1976 and continue into 1977, a loss of about £6m. was a realistic assessment for the current year, providing forecasts of inflation and productivity improvement proved correct.

The effects of inflation on fixed-price contracts, disruption to building through redevelopment work, and higher wages increased more than anticipated, combined to produce the £9.5m. loss for 1975; which brought the company's total losses to nearly £18m.

During the year Govan completed 6.88 vessels, compared with 6.80 the previous year. The 1975 target set by the Hill Samuel report was 10.3 ships.

Total income was £29.9m., compared with £28.9m. in 1974, but costs rose from £35.1m. to £50.2m.

Continued from Page 1

# Bank hint at tax rise

growth estimates, which fitted the employment objectives agreed between the Government and the TUC, but which were widely regarded as unrealistic.

Mr. Joel Barnett, the Chief Secretary to the Treasury, pointedly refused to embark on any detailed defence of them to the Public Expenditure Committee.

The Bulletin praises the pay agreement between the Government and the TUC as "invaluable." It states that a "broader and more flexible approach" to pay control may be necessary from next year, but hopes that the general awareness of the relation between pay and prices "could prove a permanent gain."

The Bank of England is most optimistic on export volume, which has grown fully in line with the rise in world trade since the second half of 1977 which was itself abnormally fast. But it expects some rise in the current payments deficit from the abnormally low level of well below £1bn. which it reached on an annual basis in the first four months of the year.

Exports are likely in its view to remain "more competitive than in previous experience" despite some expected recovery in sterling which recently fell "well beyond the point that could be justified" on international cost comparisons.

The Bank reveals for the first time that it has its own economic forecasts, which show a moderate pace of expansion, and—for 1976 at least.

Its budgetary hint is preceded by a warning that "on previous occasions economic expansion has often proved to be faster than expected." It nevertheless defends the Budget tax concessions as "broadly neutral" when taken in conjunction with the new pay limit.

In an interesting section it draws a distinction between a rapid revival of demand due to export buoyancy and one due to a fall in private sector savings.

In the second case, the overseas deficit would be increased and the funds available for financing the public sector deficit diminished. But the Bank does not exclude the possibility of both types of expansion being at work simultaneously.

Even if further budgetary action can be avoided, the Bank warns against any "unplanned rise in Government spending" which would have unfortunate consequences for confidence now as well as for the economy in future.

The financing of the public sector deficit without excessive monetary expansion will continue to be a problem. The unprecedented private sector financial surplus will probably continue for a time, and with it the desire to acquire financial assets.

Nevertheless, sales of gilt-edged have fluctuated. But continuing large sales should be possible in the Bank's view provided that there continues to be good prospects that the rate of inflation can be progressively reduced.

The Bank also warns that the Gross National Product, which in 1975-76 was probably little higher than for the average of the previous decade, is likely to rise sharply this year as inflation slows down.

While it believes that immediate effect on demand is almost certainly much less than with other types of public spending because a large part is paid in taxes or is saved, the Bank is concerned that the longer-term effects are likely to be almost as large as with other forms of expenditure.

On the economic prospects, the Bank warns that the rundown in stocks throughout 1975 may lead to bottlenecks as the demand for raw materials and components grows more rapidly in the next year or so.

It also points out that the low volume of fixed investment in recent years may inhibit the growth of productive potential so that capacity constraints may emerge earlier than the unemployment figures might suggest, unless existing plant can be used more effectively than in the past.

● "Britain's inflation rate will have dropped to the same level as other major countries by the end of next year," the Prime Minister, forecast yesterday after hearing the result of the TUC vote.

"By the end of next year we will reach a rate of inflation that will be no greater than that of our major competitors and of the major countries of the world. We have not been able to say that for a very long time." Mr. Callaghan told a Labour Women's conference in Folkestone.

He also stressed the necessity to make room for the resources needed for the hoped-for 15 per cent. increase in manufacturing industry investment in 1977.

ratio of debt interest to

## Weather

DRY, but cloudy with drizzle in places.

**London, S. and N. and E. England, Midlands, Lakes**
Dry, sunny intervals. Wind N. Max. 18C (64F).

**Channel Is., S.W. England, Wales, I. of Man**
Cloudy, occasional drizzle, hill fog. Wind variable. Max. 17C (63F).

**Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Highlands, Moray Firth, N.E. Scotland**
Dry, sunny intervals. Wind N.

**Orkney and Shetland**
Dry, sunny intervals. Wind variable. Max. 13C (55F).

**Outlook:** Dry and sunny.
**Pollen count:** 165. Very high.
**Lighting-up:** London 21.49, Manchester 22.11, Glasgow 22.35, Belfast 22.33.

**BUSINESS CENTRES**

| | | Y'day Mid-day °C | °F | | | Y'day Mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | S | 28 | 82 | Madrid | F | 30 | 86 |
| Amsterdm | C | 15 | 59 | Manchestr | R | 13 | 55 |
| Athens | S | 27 | 81 | Melbourne | R | 11 | 52 |
| Barcelona | S | 27 | 81 | Milan | S | 29 | 84 |
| Belfast | C | 16 | 61 | Montreal | C | 26 | 79 |
| Belgrade | C | 27 | 81 | Moscow | R | 12 | 54 |
| Berlin | R | 12 | 54 | Munich | R | 13 | 55 |
| Birm'ham | R | 13 | 55 | Newcastle | C | 14 | 57 |
| Bristol | C | 16 | 61 | New York | S | 32 | 90 |
| Brussels | S | 18 | 64 | Oslo | F | 23 | 73 |
| Budapest | R | 13 | 55 | Paris | C | 20 | 68 |
| B. Aires | C | 10 | 49 | Perth | C | 19 | 66 |
| Cairo | S | 35 | 94 | Prague | C | 15 | 59 |
| Cardiff | C | 17 | 63 | Rio de J'o | S | 25 | 77 |
| Cologne | C | 16 | 61 | Rome | S | 26 | 79 |
| Copenhagn | C | 19 | 66 | Singapore | R | 31 | 87 |
| Dublin | C | 17 | 63 | Stockholm | S | 17 | 63 |
| Edinburgh | R | 11 | 52 | Strasbourg | C | 21 | 70 |
| Frankfurt | F | 18 | 64 | Sydney | C | 16 | 61 |
| Geneva | C | 25 | 77 | Tehran | S | 34 | 93 |
| Glasgow | R | 11 | 52 | Tel Aviv | S | 25 | 77 |
| Helsinki | F | 17 | 63 | Tokyo | C | 20 | 68 |
| Hong Kong | C | 31 | 87 | Toronto | C | 21 | 70 |
| Jo'burg | S | 17 | 62 | Vienna | C | 15 | 59 |
| Lisbon | S | 24 | 75 | Warsaw | R | 11 | 52 |
| London | C | 16 | 61 | Zurich | C | 20 | 68 |
| Luxemb'g | C | 15 | 59 | | | | |

**HOLIDAY RESORTS**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | S | 25 | 77 | Jersey | F | 17 | 63 |
| Algiers | F | 27 | 81 | Las Palms | F | 22 | 72 |
| Biarritz | S | 23 | 73 | Locarno | F | 27 | 81 |
| Blackpool | R | 13 | 55 | Luxor | S | 37 | 99 |
| Bordeaux | S | 31 | 88 | Majorca | S | 29 | 84 |
| Boulogne | C | 13 | 55 | Malaga | S | 26 | 79 |
| Casablnca | C | 21 | 70 | Malta | S | 25 | 77 |
| Cape Tn | C | 18 | 64 | Nairobi | C | 19 | 66 |
| Corfu | S | 26 | 79 | Naples | S | 25 | 77 |
| Dubrovnik | S | 25 | 77 | Nassau | S | 28 | 82 |
| Faro | S | 25 | 77 | Nice | C | 21 | 70 |
| Florence | C | 26 | 79 | Oporto | S | 20 | 68 |
| Funchal | F | 22 | 72 | Rhodes | S | 27 | 81 |
| Gibraltar | S | 24 | 75 | Salzburg | R | 13 | 55 |
| Guernsey | S | 17 | 63 | Tangier | C | 23 | 73 |
| Innsbruck | R | 23 | 73 | Tenerife | F | 17 | 63 |
| Inverness | C | 12 | 54 | Valencia | S | 31 | 88 |
| Istanbol | S | 22 | 72 | Venice | F | 27 | 81 |

C—Cloudy. S—Sunny. R—Rain. F—Fair.



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هكذا من الأصل